

**TEXAS RACING COMMISSION**

**P. O. Box 12080  
Austin, TX 78711-2080  
(512) 833-6699  
Fax (512) 833-6907**

Texas Racing Commission  
Tuesday, August 3, 2010  
10:30 a.m.  
Texas Department of Public Safety  
6100 Guadalupe  
Criminal Law Enforcement, Building E  
First Floor Auditorium  
Austin, Texas 78752

**AGENDA**

**I. CALL TO ORDER**  
Roll Call

**II. PUBLIC COMMENT**

**III. GENERAL BUSINESS**

Discussion, consideration, and, where noted, possible action on the following matters:

- A. Report and Update by the Executive Director and Staff
- 1) Update on Bankruptcy Proceedings of Magna Entertainment Corporation and Auction of Lone Star Park
  - 2) Update on Application to Change Ownership and Location of Longhorn Downs
  - 3) Report on Summer Meeting of the Association of Racing Commissioners International (RCI)
  - 4) Wagering Statistics Report
  - 5) Racetrack Inspection Report
  - 6) Race Meet Report
  - 7) Budget and Finance Update

- B. Approval of the Internal Audit Plan for Fiscal Year 2011
- C. Approval of the Commission's Legislative Appropriations Request for 2012 - 2013
- D. Designation of Additional Members on the Committee to Study the Current State of Horse and Greyhound Racing and Breeding in Texas
- E. Report by Horse Race Date Committee
- F. Report by Greyhound Race Date Committee
- G. Report by Manor Downs on its Closing

#### **IV. PROCEEDINGS ON RACETRACKS**

Discussion, consideration, and possible action on the following matters:

- A. Request by Gulf Greyhound Park to Amend its 2010 Live Racing Schedule (Tabled from July 7, 2010, Commission Meeting)
- B. Allocation of Purse Revenue and Escrowed Purse Account Revenue Among the Various Breeds of Horses
  - 1. Allocation of Purse Revenue Generated from Simulcasting for Calendar Year 2010 under Commission Rule 321.505(a)
  - 2. Allocation of Purse Revenue Generated from Simulcasting for Calendar Years 2011 and 2012 under Commission Rule 321.505(a)
  - 3. Allocation of Escrowed Purse Account Revenue for Calendar Years 2011 and 2012 under Commission Rule 321.509
- C. Request by Retama Park for Approval of Four (4) Changes of Ownership of Less than 1%
- D. Request by Laredo Downs for Approval of Change of Ownership of Less than 1%
- E. Progress Reports by Inactive Racetrack Licenseholders on Preparations to Begin Live Racing
  - 1. Progress Report by Austin Jockey Club
  - 2. Progress Report by Saddle Brook Park
  - 3. Progress Report by Valle de los Tesoros
  - 4. Progress Report by Laredo Downs
  - 5. Progress Report by Laredo Race Park

**V. EXECUTIVE SESSION**

The following items may be discussed and considered in executive session or open meeting and have action taken in the open meeting:

- A. Under Government Code Sec. 551.071(1), the Commission may open an executive session to seek the advice of its attorney regarding pending or contemplated litigation, or regarding a settlement offer.
- B. Under Government Code Sec. 551.071(2), the Commission may open an executive session to discuss all matters identified in this agenda where the commission seeks the advice of their attorney as privileged communications under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas and to discuss the Open Meetings Act and the Administrative Procedures Act.
- C. Under Texas Racing Act, Tex. Rev. Civ. Stat. Ann. art. 179e, Sec. 6.03, the Commission may open an executive session to review management, concession, and totalisator contracts.

**VII. OLD/NEW BUSINESS**

- A. Announcement Related to Proposed Agenda of Rules Committee Meeting on August 31, 2010
- B. Schedule next Commission Meeting  
(Tuesday, September 14, 2010)

**VIII. ADJOURN**



**Texas Pari-Mutuel Racetracks Wagering Statistics  
Comparison Report on Total Wagers Placed  
in Texas & on Texas Races**

For the Period: 01/01/09 - 07/18/09 to 01/01/10 - 07/18/10

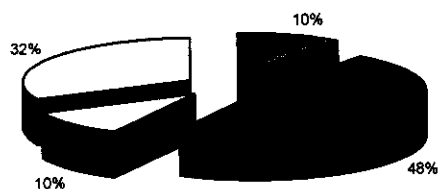
Year 2009 01/01 - 07/18				Year 2010 01/01 - 07/18				Percentage Change in	
Sources of Wagers	# Days	Total Wagers	Avg. Wager	# Days	Total Wagers	Avg. Wager	Total Wagers	Avg. Wagers	
<u>Greyhound Racetracks</u>									
Live	213	\$ 9,750,032	\$ 45,775	160	\$ 6,168,602	\$ 38,554	-36.73%	-15.78%	
Simulcast Same-Species	390	\$ 14,211,316	\$ 36,439	513	\$ 15,823,415	\$ 30,845	11.34%	-15.35%	
Simulcast Cross-Species	390	\$ 13,815,642	\$ 35,425	513	\$ 15,062,280	\$ 29,361	9.02%	-17.12%	
Export	213	\$ 10,224,502	\$ 48,002	160	\$ 8,566,941	\$ 53,543	-16.21%	11.54%	
<b>Total Wagers</b>		\$ 48,001,491	N/A		\$ 45,621,238	N/A	-4.96%	N/A	

<u>Sources of Wagers</u> <u>Horse Racetracks</u>									
Live	145	\$ 26,246,534	\$ 181,011	160	\$ 25,290,934	\$ 158,068	-3.64%	-12.67%	
Simulcast Same-Species	859	\$ 152,837,039	\$ 177,924	856	\$ 133,955,488	\$ 156,490	-12.35%	-12.05%	
Simulcast Cross-Species	857	\$ 21,972,288	\$ 25,639	853	\$ 20,305,382	\$ 23,805	-7.59%	-7.15%	
Export	124	\$ 100,779,946	\$ 812,741	142	\$ 114,475,141	\$ 806,163	13.59%	-0.81%	
<b>Total Wagers</b>		\$ 301,835,807	N/A		\$ 294,026,945	N/A	-2.59%	N/A	

<u>Sources of Wagers</u> <u>All Texas Racetracks</u>									
Live	358	\$ 35,996,566	\$ 100,549	320	\$ 31,459,536	\$ 98,311	-12.60%	-2.23%	
Simulcast Same-Species	1,249	\$ 167,048,355	\$ 133,746	1,369	\$ 149,778,903	\$ 109,408	-10.34%	-18.20%	
Simulcast Cross-Species	1,247	\$ 35,787,930	\$ 28,699	1,366	\$ 35,367,663	\$ 25,891	-1.17%	-9.78%	
Export	337	\$ 111,004,447	\$ 329,390	302	\$ 123,042,081	\$ 407,424	10.84%	23.69%	
<b>Total Wagers</b>		\$ 349,837,297	N/A		\$ 339,648,184	N/A	-2.91%	N/A	

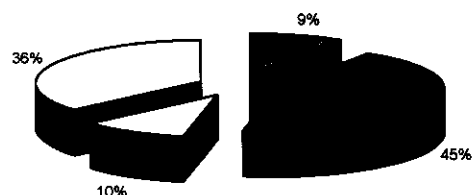
<b>Total Wagers Placed in Texas</b>	\$	238,832,850	N/A	\$	216,606,102	N/A	-9.31%	N/A	
<b>Total Wagers Placed on Texas Races</b>	\$	147,001,013	N/A	\$	154,501,617	N/A	5.10%	N/A	

**2009 Wagers by Source**



■ Live ■ Simulcast Same-Species □ Simulcast Cross-Species □ Export

**2010 Wagers by Source**



■ Live ■ Simulcast Same-Species □ Simulcast Cross-Species □ Export



# **Greyhound Racetrack Wagering Statistics** **Comparison Report on Total Wagers Placed**

**in Texas & on Texas Races**

For the Period: 01/01/09 - 07/18/09 to 01/01/10 - 07/18/10

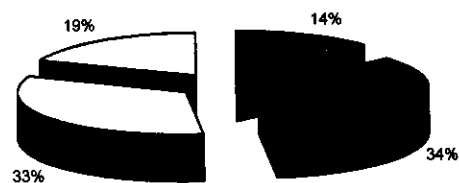
Sources of Wagers	Year 2009 01/01 - 07/18			Year 2010 01/01 - 07/18			Percentage Change In	
	# Days	Total Wagers	Avg. Wager	# Days	Total Wagers	Avg. Wager	Total Wagers	Avg. Wager
<b>Gulf Coast Racing</b>								
Live	0	\$ -	N/A	0	\$ -	N/A	N/A	N/A
Simulcast Same-Species	12	\$ 346,078	\$ 28,840	143	\$ 4,021,109	\$ 28,120	1061.91%	-2.50%
Simulcast Cross-Species	12	\$ 202,345	\$ 16,862	143	\$ 2,152,308	\$ 15,051	963.68%	-10.74%
Export	0	\$ -	N/A	0	\$ -	N/A	N/A	N/A
<b>Total Wagers</b>		<b>\$ 548,423</b>	<b>N/A</b>		<b>\$ 6,173,417</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Gulf Greyhound Park</b>								
Live	143	\$ 7,449,539	\$ 52,095	160	\$ 6,168,602	\$ 38,554	-17.19%	-25.99%
Simulcast Same-Species	199	\$ 9,699,171	\$ 48,740	199	\$ 7,888,234	\$ 39,639	-18.67%	-18.67%
Simulcast Cross-Species	199	\$ 9,281,382	\$ 46,640	199	\$ 8,935,403	\$ 44,902	-3.73%	-3.73%
Export	143	\$ 7,553,810	\$ 52,824	160	\$ 8,566,941	\$ 53,543	13.41%	1.36%
<b>Total Wagers</b>		<b>\$ 33,983,901</b>	<b>N/A</b>		<b>\$ 31,559,179</b>	<b>N/A</b>	<b>-7.13%</b>	<b>N/A</b>
<b>Valley Race Park</b>								
Live	70	\$ 2,300,492	\$ 32,864	0	\$ -	N/A	N/A	N/A
Simulcast Same-Species	179	\$ 4,166,067	\$ 23,274	171	\$ 3,914,073	\$ 22,889	-6.05%	-1.65%
Simulcast Cross-Species	179	\$ 4,331,915	\$ 24,201	171	\$ 3,974,569	\$ 23,243	-8.25%	-3.96%
Export	70	\$ 2,670,692	\$ 38,153	0	\$ -	N/A	N/A	N/A
<b>Total Wagers</b>		<b>\$ 13,469,167</b>	<b>N/A</b>		<b>\$ 7,888,642</b>	<b>N/A</b>	<b>-41.43%</b>	<b>N/A</b>
<b>All Greyhound Racetracks</b>								
Live	213	\$ 9,750,032	\$ 45,775	160	\$ 6,168,602	\$ 38,554	-36.73%	-15.78%
Simulcast Same-Species	390	\$ 14,211,316	\$ 36,439	513	\$ 15,823,415	\$ 30,845	11.34%	-15.35%
Simulcast Cross-Species	390	\$ 13,815,642	\$ 35,425	513	\$ 15,062,280	\$ 29,361	9.02%	-17.12%
Export	213	\$ 10,224,502	\$ 48,002	160	\$ 8,566,941	\$ 53,543	-16.21%	11.54%
<b>Total Wagers</b>		<b>\$ 48,001,491</b>	<b>N/A</b>		<b>\$ 45,621,238</b>	<b>N/A</b>	<b>-4.96%</b>	<b>N/A</b>
<b>Total Wagers Placed in Texas</b>		<b>\$ 37,776,989</b>	<b>N/A</b>		<b>\$ 37,054,297</b>	<b>N/A</b>	<b>-1.91%</b>	<b>N/A</b>
<b>Total Wagers Placed on Texas Races</b>		<b>\$ 19,974,533</b>	<b>N/A</b>		<b>\$ 14,735,543</b>	<b>N/A</b>	<b>-26.23%</b>	<b>N/A</b>

**2009 Wagers by Source**



■ Live ■ Simulcast Same-Species □ Simulcast Cross-Species □ Export

**2010 Wagers by Source**



■ Live ■ Simulcast Same-Species □ Simulcast Cross-Species □ Export



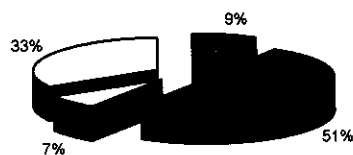
# Horse Racetrack Wagering Statistics Comparison Report on Total Wagers Placed

in Texas & on Texas Races

For the Period: 01/01/09 - 07/18/09 to 01/01/10 - 07/18/10

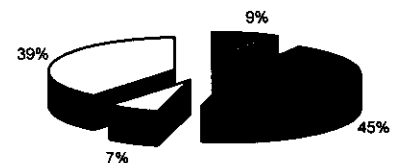
Year 2009 01/01 - 07/18				Year 2010 01/01 - 07/18				Percentage Change in	
Sources of Wagers									
<u>Gillespie County Fair</u>	<u># Days</u>	<u>Total Wagers</u>	<u>Avg. Wager</u>	<u># Days</u>	<u>Total Wagers</u>	<u>Avg. Wager</u>	<u>Total Wagers</u>	<u>Avg. Wager</u>	
Live	3 \$	426,859	\$ 142,286	4 \$	599,669	\$ 149,917	40.48%	5.36%	
Simulcast Same-Species	115 \$	2,392,852	\$ 20,807	115 \$	2,121,503	\$ 18,448	-11.34%	-11.34%	
Simulcast Cross-Species	115 \$	261,232	\$ 2,272	115 \$	218,371	\$ 1,899	-16.41%	-16.41%	
Export	0 \$	-	N/A	0 \$	-	N/A	N/A	N/A	
<b>Total Wagers</b>		<b>\$ 3,080,943</b>	<b>N/A</b>		<b>\$ 2,939,543</b>	<b>N/A</b>	<b>-4.59%</b>	<b>N/A</b>	
<b><u>Lone Star Park</u></b>									
Live	60 \$	19,248,407	\$ 320,807	60 \$	17,434,145	\$ 290,569	-9.43%	-9.43%	
Simulcast Same-Species	199 \$	73,872,816	\$ 371,220	199 \$	64,047,099	\$ 321,845	-13.30%	-13.30%	
Simulcast Cross-Species	197 \$	3,003,590	\$ 15,247	196 \$	3,419,254	\$ 17,445	13.84%	14.42%	
Export	60 \$	67,529,431	\$ 1,125,491	60 \$	50,034,656	\$ 833,911	-25.91%	-25.91%	
<b>Total Wagers</b>		<b>\$ 163,654,243</b>	<b>N/A</b>		<b>\$ 134,935,153</b>	<b>N/A</b>	<b>-17.55%</b>	<b>N/A</b>	
<b><u>Manor Downs</u></b>									
Live	18 \$	1,483,106	\$ 82,395	14 \$	1,100,710	\$ 78,622	-25.78%	-4.58%	
Simulcast Same-Species	147 \$	8,484,355	\$ 57,717	144 \$	7,219,351	\$ 50,134	-14.91%	-13.14%	
Simulcast Cross-Species	147 \$	1,797,058	\$ 12,225	144 \$	1,276,483	\$ 8,864	-28.97%	-27.49%	
Export	0 \$	-	N/A	0 \$	-	N/A	N/A	N/A	
<b>Total Wagers</b>		<b>\$ 11,764,519</b>	<b>N/A</b>		<b>\$ 9,596,545</b>	<b>N/A</b>	<b>-18.43%</b>	<b>N/A</b>	
<b><u>Retama Park</u></b>									
Live	27 \$	1,636,788	\$ 60,622	0 \$	-	N/A	N/A	N/A	
Simulcast Same-Species	199 \$	23,018,792	\$ 115,672	199 \$	19,678,741	\$ 98,888	-14.51%	-14.51%	
Simulcast Cross-Species	199 \$	3,976,056	\$ 19,980	199 \$	3,703,795	\$ 18,612	-6.85%	-6.85%	
Export	27 \$	28,373,844	\$ 1,050,883	0 \$	-	N/A	N/A	N/A	
<b>Total Wagers</b>		<b>\$ 57,005,480</b>	<b>N/A</b>		<b>\$ 23,382,536</b>	<b>N/A</b>	<b>-58.98%</b>	<b>N/A</b>	
<b><u>Sam Houston Race Park</u></b>									
Live	37 \$	3,451,374	\$ 93,280	82 \$	6,156,410	\$ 75,078	78.38%	-19.51%	
Simulcast Same-Species	199 \$	45,068,225	\$ 226,473	199 \$	40,888,794	\$ 205,471	-9.27%	-9.27%	
Simulcast Cross-Species	199 \$	12,934,352	\$ 64,997	199 \$	11,687,480	\$ 58,731	-9.64%	-9.64%	
Export	37 \$	4,876,671	\$ 131,802	82 \$	64,440,485	\$ 785,860	1221.40%	496.24%	
<b>Total Wagers</b>		<b>\$ 66,330,621</b>	<b>N/A</b>		<b>\$ 123,173,169</b>	<b>N/A</b>	<b>85.70%</b>	<b>N/A</b>	
<b><u>All Horse Racetracks</u></b>									
Live	145 \$	26,246,534	\$ 181,011	160 \$	25,290,934	\$ 158,068	-3.64%	-12.67%	
Simulcast Same-Species	859 \$	152,837,039	\$ 177,924	856 \$	133,955,488	\$ 156,490	-12.35%	-12.05%	
Simulcast Cross-Species	857 \$	21,972,288	\$ 25,639	853 \$	20,305,382	\$ 23,805	-7.59%	-7.15%	
Export	124 \$	100,779,946	\$ 812,741	142 \$	114,475,141	\$ 806,163	13.59%	-0.81%	
<b>Total Wagers</b>		<b>\$ 301,835,807</b>	<b>N/A</b>		<b>\$ 294,026,945</b>	<b>N/A</b>	<b>-2.59%</b>	<b>N/A</b>	
<b>Total Wagers Placed in Texas</b>		<b>\$ 201,055,861</b>	<b>N/A</b>		<b>\$ 179,551,805</b>	<b>N/A</b>	<b>-10.70%</b>	<b>N/A</b>	
<b>Total Wagers Placed on Texas Races</b>		<b>\$ 127,026,480</b>	<b>N/A</b>		<b>\$ 139,766,075</b>	<b>N/A</b>	<b>10.03%</b>	<b>N/A</b>	

2009 Wagers by Source



■ Live ■ Simulcast Same-Species □ Simulcast Cross-Species □ Export

2010 Wagers by Source



■ Live ■ Simulcast Same-Species □ Simulcast Cross-Species □ Export

**Texas Racing Commission  
Report on Racetrack Inspection Activities  
August 3, 2010**

<b>Date of Inspection</b>	<b>Track</b>	<b>Type of Inspection</b>	<b>Number of Unsatisfactory Items</b>	<b>Track Remediation</b>	<b>Unsatisfactory Items</b>
7/1/10	Gillespie	Administrative	0	-	-
7/1/10	Gillespie	Pari-mutuel	0	-	-
7/2/10	Gillespie	Veterinary	0	-	-
7/2/10	Gillespie	Stewards	0	-	-
7/3/10	Gillespie	Safety & Security	0	-	-
7/14/10	Gulf Coast Racing-Corpus Christi	Safety & Security	0	-	-
6/17/10	Lone Star Park	Veterinary	0	-	-
7/8/10	Lone Star Park	Stewards	1	-	1

**Total Inspections: 8**

**Lone Star Park** – Ongoing maintenance issues in stable area restrooms. Some plumbing fixtures need repair. Follow-up inspection will be conducted before live racing resumes in September 2010.



# **Fiscal Year 2010 Operational Budget**

Updated: July 22, 2010

Thru: June 30, 2010

## **Summary of Operating Revenue** By Revenue Type:

	Budget	Collected	Suspended	Uncollected Balance	%
<b>Account 597 - Racing Commission - GRD</b>	\$ 11,060,375	\$ 8,745,376	\$ 77,150	\$ 2,314,999	21%
<b>Account 1 - State of Texas - GR</b>	\$ 1,867,327	\$ 1,867,327	\$ -	\$ -	0%
<b>TOTAL - ALL REVENUES</b>	\$ 12,927,702	\$ 10,612,703	\$ 77,150	\$ 2,314,999	18%

## **Summary of Appropriated Operating Expenses**

	Budget	Expended	Encumbered	Unexpended Balance	%
<b>1001 - Salaries and Wages:</b>	\$ 3,224,240	\$ 2,494,706	\$ -	\$ 729,534	23%
<b>1002 - Other Personnel Cost:</b>	\$ 174,914	\$ 112,949	\$ -	\$ 61,965	35%
<b>2001 - Professional Fees and Services:</b>	\$ 190,120	\$ 63,218	\$ -	\$ 126,902	67%
<b>2003 - Consumable Supplies:</b>	\$ 35,900	\$ 18,629	\$ -	\$ 17,271	48%
<b>2004 - Utilities:</b>	\$ 30,600	\$ 21,815	\$ -	\$ 8,785	29%
<b>2005 - Travel:</b>	\$ 191,900	\$ 99,526	\$ -	\$ 92,374	48%
<b>2006 - Rent Building:</b>	\$ 108,014	\$ 98,496	\$ -	\$ 9,518	9%
<b>2007 - Rent Machine and Other:</b>	\$ 14,500	\$ 8,375	\$ -	\$ 6,125	42%
<b>2009 - Other Operating Expense:</b>	\$ 353,880	\$ 221,096	\$ -	\$ 132,784	38%
<b>4000 - Grants</b>	\$ 5,092,611	\$ 3,199,175	\$ -	\$ 1,893,436	37%
<b>5000 - Capital Expenditures:</b>	\$ 32,538	\$ 5,555	\$ -	\$ 26,983	83%
<b>TOTAL - ALL APPROPRIATED EXPENDITURES</b>	\$ 9,449,217	\$ 6,343,539	\$ -	\$ 3,105,678	33%

## **Unappropriated Operating Expenses** Type:

	Budget	Expended	Encumbered	Unexpended Balance	%
<b>TOTAL - ALL UNAPPROPRIATED EXPENDITURES</b>	\$ 872,532	\$ 786,595	\$ -	\$ 85,937	10%
<b>TOTAL - ALL EXPENDITURES</b>	\$ 10,321,749	\$ 7,130,134	\$ -	\$ 3,191,615	31%

## **OPERATING SURPLUS / (DEFICIT)**

\$ 2,605,953 \$ 3,482,569

## **Summary of FTE's**

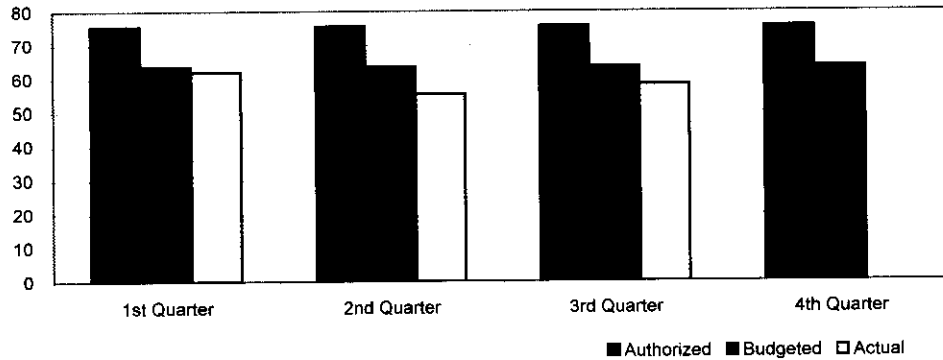
By Fiscal Quarter:

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Authorized FTE's	75.50	75.50	75.50	75.50
Budgeted FTE's	63.60	63.60	63.60	63.60
Actual FTE's	61.91	55.47	58.12	
<b>Actual FTE's Over / (Under) Budget</b>	(1.69)	(8.13)	(5.48)	
<b>Actual FTE's Over / (Under) Authorization</b>	(13.59)	(20.03)	(17.38)	

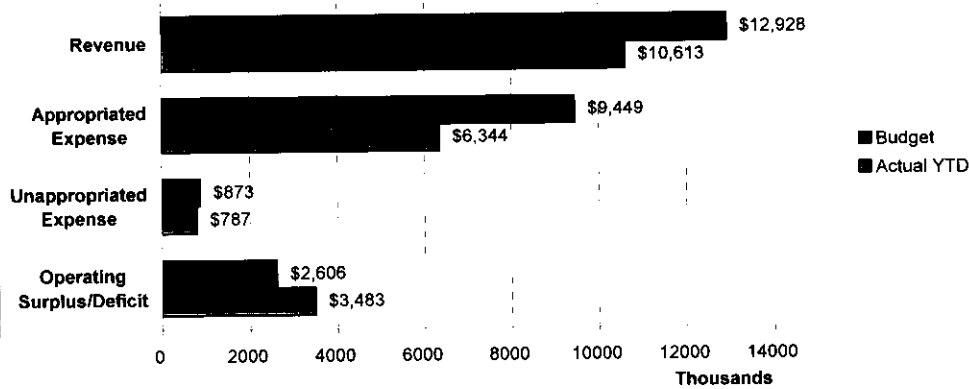
**III.A.7.1**



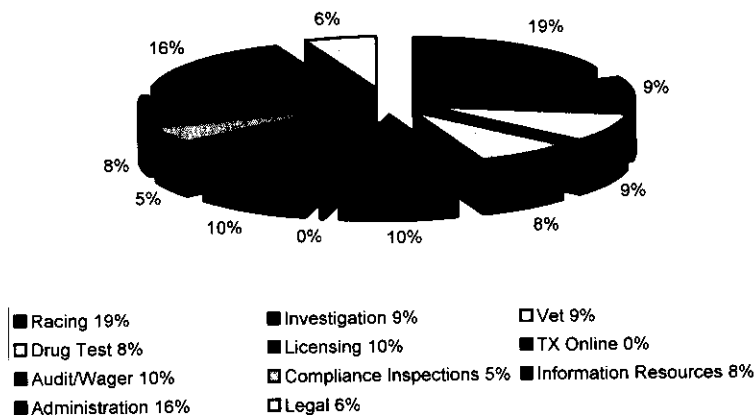
**Summary of FTE's by Quarter**



**Operating Budget YTD**



**Expended Operational Budget by Department**





**Fiscal Year 2010  
Operational Budget  
By LBB Obj Code**

Updated: July 22, 2010

Thru: June 30, 2010

**Summary of Operating Revenue**

By Revenue Type:	Budget	Collected	Suspended	Uncollected Balance	%
Cash Balance Carry Forward	\$ 343,203	\$ 343,203			0%
Live Race Day Fees	\$ 703,875	\$ 573,325		\$ 130,550	19%
Simulcast Race Day Fees	\$ 999,360	\$ 823,440		\$ 175,920	18%
Annual License Fees (Active & Inactive)	\$ 1,180,000	\$ 1,180,000	\$ 77,150	\$ -	0%
Outs	\$ 1,940,776	\$ 1,734,851		\$ 205,925	11%
Occupational License Fees and Fines	\$ 763,550	\$ 717,806		\$ 45,744	6%
ATB Program Pass Thru Fees	\$ 5,092,611	\$ 3,199,175		\$ 1,893,436	37%
Other Revenue	\$ 37,000	\$ 173,576		\$ (136,576)	-369%
<b>Account 597 - Racing Commission - GRD</b>	<b>\$ 11,060,375</b>	<b>\$ 8,745,376</b>	<b>\$ 77,150</b>	<b>\$ 2,314,999</b>	<b>21%</b>
State of Texas General Revenue Fund	\$ 1,867,327	\$ 1,867,327		\$ -	0%
<b>Account 1 - State of Texas - GR</b>	<b>\$ 1,867,327</b>	<b>\$ 1,867,327</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>
<b>TOTAL - ALL REVENUES</b>	<b>\$ 12,927,702</b>	<b>\$ 10,612,703</b>	<b>\$ 77,150</b>	<b>\$ 2,314,999</b>	<b>18%</b>

**Summary of Appropriated Operating Expenses**

By Division:	Budget	Expended	Encumbered	Unexpended Balance	%
Racing Oversight	\$ 1,941,934	\$ 1,417,072		\$ 524,862	27%
Wagering & Racing Review	\$ 733,106	\$ 606,065		\$ 127,041	17%
Finance & Administration	\$ 549,200	\$ 471,569		\$ 77,631	14%
<b>1001 - Salaries and Wages:</b>	<b>\$ 3,224,240</b>	<b>\$ 2,494,706</b>	<b>\$ -</b>	<b>\$ 729,534</b>	<b>23%</b>
Racing Oversight	\$ 106,104	\$ 72,064		\$ 34,040	32%
Wagering & Racing Review	\$ 39,060	\$ 28,035		\$ 11,025	28%
Administration	\$ 29,750	\$ 12,850		\$ 16,900	57%
<b>1002 - Other Personnel Cost:</b>	<b>\$ 174,914</b>	<b>\$ 112,949</b>	<b>\$ -</b>	<b>\$ 61,965</b>	<b>35%</b>
Racing Oversight	\$ 31,720	\$ 50,253		\$ (18,533)	-58%
Wagering & Racing Review	\$ 130,900	\$ 12,865		\$ 118,035	90%
Finance & Administration	\$ 27,500	\$ 100		\$ 27,400	100%
<b>2001 - Professional Fees and Services:</b>	<b>\$ 190,120</b>	<b>\$ 63,218</b>	<b>\$ -</b>	<b>\$ 126,902</b>	<b>67%</b>
Racing Oversight	\$ 2,800	\$ 1,859		\$ 941	34%
Wagering & Racing Review	\$ 8,000	\$ 6,468		\$ 1,532	19%
Finance & Administration	\$ 25,100	\$ 10,302		\$ 14,798	59%
<b>2003 - Consumable Supplies:</b>	<b>\$ 35,900</b>	<b>\$ 18,629</b>	<b>\$ -</b>	<b>\$ 17,271</b>	<b>48%</b>
Racing Oversight	\$ -	\$ -		\$ -	
Wagering & Racing Review	\$ 100	\$ 45		\$ 55	55%
Administration	\$ 30,500	\$ 21,770		\$ 8,730	29%
<b>2004 - Utilities:</b>	<b>\$ 30,600</b>	<b>\$ 21,815</b>	<b>\$ -</b>	<b>\$ 8,785</b>	<b>29%</b>
Racing Oversight	\$ 128,200	\$ 67,741		\$ 60,459	47%
Wagering & Racing Review	\$ 28,700	\$ 20,517		\$ 8,184	29%
Finance & Administration	\$ 35,000	\$ 11,269		\$ 23,731	68%
<b>2005 - Travel:</b>	<b>\$ 191,900</b>	<b>\$ 99,526</b>	<b>\$ -</b>	<b>\$ 92,374</b>	<b>48%</b>
Racing Oversight	\$ -	\$ -		\$ -	
Wagering & Racing Review	\$ 2,700	\$ 2,700		\$ -	0%
Finance & Administration	\$ 105,314	\$ 95,796		\$ 9,518	9%
<b>2006 - Rent Building:</b>	<b>\$ 108,014</b>	<b>\$ 98,496</b>	<b>\$ -</b>	<b>\$ 9,518</b>	<b>9%</b>

**III.A.7.3**



**Fiscal Year 2010  
Operational Budget  
By LBB Obj Code**

Updated: July 22, 2010

Thru: June 30, 2010

**Summary of Operating Revenue**

	Budget	Expended	Encumbered	Uncollected Unexpended Balance	%
Racing Oversight	\$ 12,000	\$ 6,902		\$ 5,098	42%
Wagering & Racing Review	\$ -	\$ -		\$ -	
Finance & Administration	\$ 2,500	\$ 1,473		\$ 1,027	41%
<b>2007 - Rent Machine and Other:</b>	<b>\$ 14,500</b>	<b>\$ 8,375</b>	<b>\$ -</b>	<b>\$ 6,125</b>	<b>42%</b>
Racing Oversight	\$ 104,200	\$ 73,649		\$ 30,551	29%
Wagering & Racing Review	\$ 108,655	\$ 48,389		\$ 60,266	55%
Finance & Administration	\$ 141,025	\$ 99,057		\$ 41,968	30%
<b>2009 - Other Operating Expense:</b>	<b>\$ 353,880</b>	<b>\$ 221,096</b>	<b>\$ -</b>	<b>\$ 132,784</b>	<b>38%</b>
Racing Oversight	\$ -	\$ -		\$ -	
Wagering & Racing Review	\$ 5,092,611	\$ 3,199,175		\$ 1,893,436	37%
Administration	\$ -	\$ -		\$ -	
<b>4000 - Grants</b>	<b>\$ 5,092,611</b>	<b>\$ 3,199,175</b>	<b>\$ -</b>	<b>\$ 1,893,436</b>	<b>37%</b>
Racing Oversight	\$ 32,538	\$ 5,555		\$ 26,983	83%
Wagering & Racing Review	\$ -	\$ -		\$ -	
Finance & Administration	\$ -	\$ -		\$ -	
<b>5000 - Capital Expenditures:</b>	<b>\$ 32,538</b>	<b>\$ 5,555</b>	<b>\$ -</b>	<b>\$ 26,983</b>	<b>83%</b>
<b>TOTAL - ALL APPROPRIATED EXPENDITURES</b>	<b>\$ 9,449,217</b>	<b>\$ 6,343,539</b>	<b>\$ -</b>	<b>\$ 3,105,678</b>	<b>33%</b>

**Summary of Unappropriated Operating Expenses**

Type:	Budget	Expended	Encumbered	Unexpended Balance	%
OASI Match	\$ 247,364	\$ 193,143		\$ 54,221	22%
Group Insurance	\$ 276,962	\$ 258,212		\$ 18,750	7%
State Retirement	\$ 206,351	\$ 162,425		\$ 43,927	21%
Benefit Replacement	\$ 33,855	\$ 23,098		\$ 10,756	32%
ERS Retiree Insurance	\$ 70,000	\$ 85,364		\$ (15,364)	-22%
SWCAP GR Reimbursement	\$ 30,000	\$ 48,451		\$ (18,451)	-62%
Unemployment Cost	\$ 8,000	\$ 15,902		\$ (7,902)	-99%
Other	\$ -	\$ -		\$ -	
<b>Unappropriated Operating Expenses</b>	<b>\$ 872,532</b>	<b>\$ 786,595</b>	<b>\$ -</b>	<b>\$ 85,937</b>	<b>10%</b>
<b>TOTAL - ALL UNAPPROPRIATED EXPENDITURES</b>	<b>\$ 872,532</b>	<b>\$ 786,595</b>	<b>\$ -</b>	<b>\$ 85,937</b>	<b>10%</b>
<b>TOTAL - ALL EXPENDITURES</b>	<b>\$ 10,321,749</b>	<b>\$ 7,130,134</b>	<b>\$ -</b>	<b>\$ 3,191,615</b>	<b>31%</b>

**OPERATING SURPLUS / (DEFICIT)**

**\$ 2,605,953    \$ 3,482,569**

**Summary of FTE's**

By Fiscal Quarter:	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Authorized FTE's	75.50	75.50	75.50	75.50
Budgeted FTE's	63.60	63.60	63.60	63.60
<b>Budgeted FTE's Over / (Under) Authorization</b>	<b>(11.90)</b>	<b>(11.90)</b>	<b>(11.90)</b>	<b>(11.90)</b>
Budgeted FTE's	63.60	63.60	63.60	63.60
Actual FTE's	61.91	55.47	58.12	
<b>Actual FTE's Over / (Under) Budget</b>	<b>(1.69)</b>	<b>(8.13)</b>	<b>(5.48)</b>	
<b>Actual FTE's Over / (Under) Authorization</b>	<b>(13.59)</b>	<b>(20.03)</b>	<b>(17.38)</b>	

**III.A.7.4**

**TEXAS RACING  
COMMISSION**

**Internal Audit Plan Fiscal Year 2011**

**MONDAY N. RUFUS, P.C.**  
**Certified Public Accountants & Consultants**  
608 Morrow Street, Suite 101, Austin, Texas 78752

**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2011**

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**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2011**

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**MONDAY N. RUFUS, P.C.**  
**Certified Public Accountants & Consultants**

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Member: American Institute of Certified Public Accountants

July 23, 2010

Commissioners of the  
Texas Racing Commission  
Austin, Texas

Dear Commissioners:

As required by the Internal Auditing Act (Texas Government Code, Section 2102.008), we have prepared the audit plan for Fiscal Year 2011.

We prepared a risk assessment to determine the areas in the Texas Racing Commission that should be considered for audit. Based on that risk assessment, the following areas are recommended for audit in Fiscal Years 2011:

1. Follow-up: Prior internal audit recommendations: *Internal Audit of the Racing Administration* (Original report: August 8, 2006).
2. Follow-up: Prior internal audit recommendations: *Internal Audit of the Texas Bred Incentive Program – Associations* (Original Report: May 25, 2007)

Your approval of the areas above will enable us to commence audit activities for Fiscal Year 2011. I would like to discuss this plan with you at the Commission meeting on August 3, 2010.

Sincerely,



Monday N. Rufus, MBA, CISA, CPA  
Audit Director  
Monday N. Rufus, P.C., CPAs

# **TEXAS RACING COMMISSION**

## **Internal Audit Plan – Fiscal Year 2011**

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### **I. Purpose**

The Purpose of this internal audit plan is to document the development, risk assessment, scope of assignments, and implementation timetable for fiscal year 2011 internal audit activities. This document will serve as a primary tool to carry out internal audit responsibilities in an efficient manner and prioritize the audit areas based on risk assessments agreed to by the Commissioners of the Texas Racing Commission (Agency). Due to the nature, scope and timing of audit procedures contemplated here, planning for specific aspects of the audits is a continuing process. Accordingly, the plan will be revised as necessary and reviewed at least annually.

This plan has been prepared to meet planning guidelines as required by both generally accepted auditing standards and the standards for the Professional Practice of Internal Auditing as determined by the Institute of Internal Auditors, Inc.

### **II. Background Information**

The Texas Racing Commission was created in the Second Called Session of the 69<sup>th</sup> Legislature and approved by a state-wide referendum in November 1987. Article 179e, V.T.C.S., created the Texas Racing Commission and authorizes the Commission to:

1. Oversee the Texas Bred Incentive Programs for horses and greyhounds;
2. Evaluate applications and award licenses for pari-mutuel racetracks in Texas;
3. Oversee the construction and renovation of major horse tracks, major greyhound tracks, and numerous smaller horse tracks and county fair tracks throughout the State;
4. License, regulate, and enforce all aspects of pari-mutuel wagering and participants in pari-mutuel racing; and
5. Provide state and local revenues.

The Racing Act allows pari-mutuel wagering on horse and greyhound racing and provides for the strict regulation and control of pari-mutuel wagering in connection with that racing.

Principal responsibilities of the Commission are to:

1. Adopt rules and regulations for conducting racing involving wagering;
2. Administer and enforce all laws, rules, and regulations affecting horse racing, greyhound racing, and pari-mutuel wagering;
3. Adjudicate disciplinary matters arising from the enforcement of those laws and regulations dealing with horse racing and greyhound racing and pari-mutuel wagering; and
4. Regulate and supervise each racing meeting conducted in the state of Texas, the operations of racetracks, and the participants in a race meeting.

Extensive rulemaking authority is granted to the Commission throughout the Racing Act. The rulemaking authority vested in the Texas Racing Commission is authorized for administration and enforcement purposes.

## TEXAS RACING COMMISSION

### Internal Audit Plan – Fiscal Year 2011

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The Racing Commission consists of seven members appointed by the governor with the advice and consent of the Senate to serve overlapping six year terms. Five members must represent the general public and have general knowledge of business or agribusiness. At least one of those appointed members may be a veterinarian, and being licensed as a veterinarian satisfies the requirement that the person have general knowledge of business or agribusiness. One member must have special knowledge or experience related to horse racing and one member must have special knowledge or experience related to greyhound racing. In addition to the appointed members, there are two ex-officio members, the Chair of the Public Safety Commission and the Comptroller of Public Accounts. The Governor appoints the chair and the members elect the vice-chair.

The Commission appoints an Executive Director to supervise the agency's daily activities. The Agency's operating budget is prepared and approved by the Commission on an annual basis, whereas the State legislative appropriation request is determined every two years. Both the budget and appropriations are reviewed and approved by the State Legislature.

Although the Agency's budget is approved by the legislature, it does not receive any General Revenue funds from the State for its operations. Revenues are primarily from license fees and fines, uncashed winning wagers, and breakage from wagering at greyhound racetracks. Approximately 50% of the expenditures are passed through the Agency to the official breed registries for the Texas Bred Incentive Programs. Funds collected by the Agency are directly utilized in operations, and not passed on to the State.

In fiscal year 2010 the agency reorganized into three divisions to better support effective communications, distribute work more appropriately, and better serve its stakeholders. The new agency structure features an Executive group headed by the Executive Director; a Division for Racing Oversight led by a Deputy Director for Racing Oversight; a Division for Wagering and Racing Review directed by a Deputy Director for Wagering and Racing Review; and a Division for Finance and Administration headed by the Deputy Director of Finance and Administration.

#### A. Executive Group

- i. **Executive Director** - The Executive Director supervises agency activities as a whole and manages the agency's three divisions. The Executive Director is responsible for establishing operating policies and procedures for the agency and ensuring the agency's regulatory responsibilities are carried out. The Executive Director represents the agency before the Legislature and other governmental agencies. The Executive Director, with the assistance of the General Counsel and support staff, coordinates evaluation of racetrack license applications, issues recommended race date allocations, and assesses administrative penalties against racetrack licensees. The Executive Director serves a primary role in external relations with industry stakeholders, regulators in other states, and national regulatory association.
- ii. **General Counsel** – The General Counsel advises the Commissioners and staff on legal and regulatory enforcement issues affecting the agency. The General



## TEXAS RACING COMMISSION

### Internal Audit Plan – Fiscal Year 2011

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Counsel coordinates all aspects of Commission meetings and rulemaking proceedings and also represents the agency before the State Office of Administrative Hearings when prosecuting appeals from decisions made by the Board of Stewards/Judges and disciplinary cases initiated by the Executive Director.

#### B. Divisional Information

The Agency's staff is organized into three operating divisions which have specific duties and responsibilities in carrying out the overall mission of the Agency. The three operating divisions are the Division for Racing Oversight, Division for Wagering and Racing Review, and the Division for Finance and Administration.

- i. **Division for Racing Oversight** – This division is focused on enforcement and oversight of day-to-day racetrack operations. The personnel of this division make up the agency's presence at Texas tracks. The Deputy Director supervises personnel directly responsible for regulating the conduct of live racing and is responsible for the following teams: Licensing, Investigations, Stewards/Judges, and Veterinarians/Drug Testing.

- **Licensing**

Staff in licensing issue occupational licenses and registrations to all person involved in pari-mutuel greyhound and horse racing. Licensing staff at each racetrack help maintain the integrity of the industry by ensuring that all participants are licensed and in good standing. Generally, any person who works on the grounds of a par-mutuel racetrack or who seeks to make a living through par-mutuel racing in Texas must be licensed by the Commission.

To ensure that that all participants in racing are properly licensed, the Commission has more than fifty categories of occupational licenses. Stable and kennel area occupations – jockeys, owners, kennel owners, trainers and grooms – must secure licenses, as must employees of the racetrack – management personnel, food service workers and mutuel tellers.

- **Investigations**

The investigators, who are all licensed peace officers, coordinate enforcement of the Commission's Rules and the Texas Racing Act.

Investigations are conducted on animal drug positives, criminal histories returned on license applicants, illegal wagering, use and possession of contraband, drug abuse and narcotics trafficking, and

**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2011**

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other illicit activities that could affect the integrity of pari-mutuel racing.

Drug testing of licensees suspected of using illegal drugs while performing their duties has become an important aspect of regulating the industry. If a licensee tests positive for an illegal controlled substance or alcohol, the licensee faces a suspension and must seek professional help.

- **Stewards/Judges**

The division includes stewards at horse tracks and Judges at greyhound tracks. The judges and stewards monitor the conduct of live races and enforce the Racing Act and the Commission's Rules of Racing. The stewards and judges have broad authority to resolve matters arising during a race meeting. They may issue fines up to \$5,000 and/or suspend licensees for up to one year.

- **Veterinarians / Drug Testing**

The Chief Veterinarian oversees this division, supervising the veterinarians and test barn supervisors working at the racetracks.

Employees in this division inspect all race animals before a competition to ensure they are sound to compete, inspect the stable and kennel areas for animal health and safety issues, and implement the Commission's race animal drug testing program.

The Chief Veterinarian also serves as a liaison between the Commission and veterinary-related organizations and agencies, such as the Texas Animal Health Commission, the American Association of Equine Practitioners and the Texas Veterinary Medical Association.

- ii. **Division for Wagering and Racing Review** – This division is responsible for all activities related to wagering and racing review. The Deputy Director for Wagering and Racing Review oversees the agency's pari-mutuel auditors and the information technology team. The division employs an analytical approach to identify and address issues of concern at Texas racetracks.

The division protects the interest of the wagering public and assures the proper collection and distribution of funds in accordance with the Racing Act. To achieve this, tests of the pari-mutuel totalisator (tote) systems are performed to assure compliance with the Rules of Racing.

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**Internal Audit Plan – Fiscal Year 2011**

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Racing review involves the systematic analysis of any given track over a period of time. Racing review focuses on data and incident analyses to improve performance at tracks. Areas identified through racing review lead to policy changes and process improvements that help ensure greater safety for the athletes (horses and greyhounds), the jockeys, the public, and other personnel at the track.

- **Pari-mutuel Auditors**

On-site pari-mutuel auditors perform daily audits and verifications of handle, earned purse, paid purse, outs balances, deposit reports and requests for simulcast approval. The audit staff also performs routine procedural audits, conducts random inspections of pari-mutuel wagering facilities and responds to public complaints relating to wagering.

- **Department of Information Technology**

The IT division develops and maintains the agency's network, database and Web site. This division recommends and supports all hardware and software necessary for the day-to-day activities of the Commission. The Commission's custom programs and database operate twenty-four hours a day, seven days a week, providing staff, licensees, the Department of Public Safety (DPS), the Texas A&M Veterinary Medical Diagnostic Laboratory and the general public with up-to-date information regarding all aspects of the Commission's regulatory programs.

- iii. **Division for Finance and Administration** – This division is headed by the Deputy Director of Finance and Administration and is responsible for the budget, accounting, purchasing, personnel, travel coordination and other Commission administrative functions. The division prepares the biennial Legislative Appropriation Request (LAR), the operation budget, the Annual Financial Report and reports on performance measures. The Deputy Director and staff work together to support agency personnel and operations.

C. **Inspection Program**

Regular inspections are conducted to ensure compliance before the beginning of each live race meet as tracks make renovations and personnel changes. The Executive Director reports on inspections at each Commission meeting.

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**Internal Audit Plan – Fiscal Year 2011**

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**D. Texas-Bred Incentive Program**

The Texas Racing Act provides purse supplements and monetary awards to breeders and owners of Texas-bred greyhound and horses to encourage agriculture and the horse and greyhound breeding industries. Funding for the Texas-bred Greyhound Incentive Program is derived from a percentage of the total breakage from live, simulcast same-species, and simulcast cross-species handle; a percentage of multiple two and multiple three wagers from simulcast same species and simulcast cross-species handle; and a percentage of all wagers made at a Texas horse track on inter-state greyhound races. The Texas Racing Act authorizes an incentive award for each owner, breeder and stallion owner of an accredited Texas-bred horse that finishes first, second or third in any race other than a Texas-bred stakes race. The awards are funded from breakage from all pari-mutuel pools and a percentage of all multiple two and multiple three wagering pools from live, simulcast same-species, and simulcast cross-species.

**C. Equine Research**

The Texas Racing Act mandates that a portion of wagers made at horse tracks fund equine research for race horses. Research projects that address the needs and priorities of the Texas horse racing industry in the fields of Agricultural Economics, Animal Science, and Large Animal Medicine are submitted to the Equine Research Committee for grant consideration.

**D. Financial Control Environment**

The financial responsibility of the Agency is managed by the Division for Finance and Administration. Processing of payroll, purchasing, inventory and fixed asset maintenance are performed by this division.

**E. The Agency's total General Appropriations Act authority for fiscal year 2011 is as follows:**

	<u>2011</u>
License and Regulate Racetracks	\$ 253,188
Texas Bred Incentive Program	5,092,661
Supervise & Conduct Live Races	1,010,419
Monitor Occupational License Activities	435,347
Inspect & Provide Emergency Care	461,888
Administer Drug Tests	397,102

**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2011**

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Occupational Licensing Program	449,684
TEXASONLINE	23,250
Monitor Wagering and Audit	480,630
Wagering Compliance Inspections	304,850
Central Administration	789,917
Information Resources	449,465
Supplemental Appropriation	635,637
Total	<hr/> \$ 10,784,038 <hr/> <hr/>

**III. Internal Audit Plan Methodology**

This section summarizes the methodology used in preparing the fiscal year 2011 internal audit plan. In order to understand the Agency and develop our risk assessment process, we reviewed the Agency's

- Strategic plan
- Legislative appropriations request/operating budget
- Annual Reports
- Audit Reports
- Other documents available to us

In planning internal audit procedures, financial, operational, as well as compliance issues are considered in determining processes/systems of interest. Functional areas that cross many divisions and the interaction between divisions are key criteria in the process of identifying areas of interest. Agency financial reports, planning documents, laws, rules, and regulations, in addition to soliciting input from management and commission members, were all considered in developing the list of areas of interest. Upon completion of this list, each area was subjected to our risk analysis process.

The following Agency processes/systems have been considered during the development of the areas of interest list:

- Cash receipts and fee processing
- Cash disbursements
- Travel
- Payroll

**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2011**

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- Personnel Processes
- Reporting – Key Performance Measures
- Budgeting and Reporting
- Licensing application and registrations
- Complaints/Investigation process
- Pari-mutuel Auditing Process
- EDP Wagering Reviews/Audits
- Business Continuity/Disaster Recovery
- Information Systems - Security
- Information Technology System Development
- Drug testing
- Inspection Program
- Racing Administration
- Texas Bred Incentive Program – Associations
- Texas Bred Incentive Program – Policies and Procedures
- Equine Research
- Historically Underutilized Businesses (HUB)
- Fixed Asset Management

There are numerous other areas that may be identified during the process of performing internal audit procedures during the year. Continuing input from both the commissioners and management will be essential in identifying additional or new areas of risk that should be considered in the future.

Our risk assessment was performed through the consideration of various factors, including:

1. Exposure Level (Adverse impact of errors within the process/unit)
2. Complexity of unit (Volatility of activities)
3. Materiality (Financial and Non Financial Impact)
4. Results of last audit (Positive, some findings, Negative, Not Applicable)
5. Extent of other coverage or oversight (More coverage, Some coverage, No coverage)
6. Quality of internal controls/adherence to laws (Excellent, Good, Fair, & Poor controls)
7. Changes in systems and processes (More changes, Some changes, No changes)
8. Normal audit interval (Audited in last 1 year, 3 years, 5 years, Never)

All of the above factors were considered in assessing risk and were taken into consideration for each process/system as to their impact on the Agency. Once each area of interest was evaluated, it was assigned a risk factor of high, moderate or low. The following is the result of our risk assessment process.

**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2011**

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Processes Identified as High Overall Risk

Information Systems – Security  
Audit Follow-up: Texas Bred Incentive Program -Associations  
Audit Follow-up : Racing Administration  
Texas Bred Incentive Program - Associations  
Cash Disbursements  
Personnel Processes  
Licensing Application and Registrations  
Racing Administration  
Inspection Program

Processes Identified as Moderate Overall Risk

Complaints / Investigation process  
Texas Bred Incentive Program – Policies & Procedures  
Business Continuity/Disaster Recovery  
Payroll  
Cash receipts and fee processing  
EDP Wagering Review/Audits  
Budgeting and Reporting  
Fixed Asset Management  
Reporting – Key Performance Measures  
Information Technology System Development

Processes Identified as Low Overall Risk

Pari-mutuel Auditing Process  
Drug Testing  
Equine Research  
Travel  
Historically Underutilized Businesses (HUB)

## TEXAS RACING COMMISSION

### Internal Audit Plan – Fiscal Year 2011

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#### **IV. Internal Audit Plan**

The internal audit plan is designed to provide a review of all areas considered risky. Although the plan is structured in this manner, it should not prevent the review of areas on a more frequent basis, in the case of future restructuring or development of new processes/systems. Also, special reviews might be added in the future as requested by the Commissioners or when deemed necessary by the internal audit function after performance of in-depth review of the specific divisions/systems and approval by the Commission.

Internal audit activities will be primarily concerned with documenting, testing and evaluating each division or system's internal control policies and procedures and the quality of performance in carrying them out. This will include reporting conditions and suggestions to management and evaluating management's response and plans for corrective actions. Opportunities for improved efficiency identified as a result of performing internal activities will be communicated to management and the Commissioners as part of the reporting process.

Internal Audit reviews for the fiscal years ending 2011 are planned for the following processes/systems:

#### Fiscal Year 2011

Follow-up: Prior internal audit recommendations: *Internal Audit of the Racing Administration* (Original report: August 8, 2006).

Follow-up: Prior internal audit recommendations: *Internal Audit of the Texas Bred Incentive Program – Associations* (Original Report: May 25, 2007).

These audit(s) will take place from September 2010 through August 2011 with final reporting occurring in September 2011. The above plan does not preclude the internal audit function from identifying and assessing risk relating to new divisions or systems added to the Agency.

These processes/systems were identified for review through risk assessment methodology. As discussed above, this methodology included personnel inquiries, identifying financial and non-financial risk, identifying interaction of divisions amongst each other, identifying rules and regulations various divisions must comply with and identifying the volume of transactions and personnel involved with each division.

#### **V. Reporting**

In compliance with the Texas Internal Auditing Act, the annual internal audit report will be filed with the Governor, the Legislative Budget Board, the Sunset Advisory Commission, the State Auditor, the Commissioners of the Agency, and the Agency's Executive Director by November 1, 2011. The annual internal audit report will be in the form specified by the State Auditor.

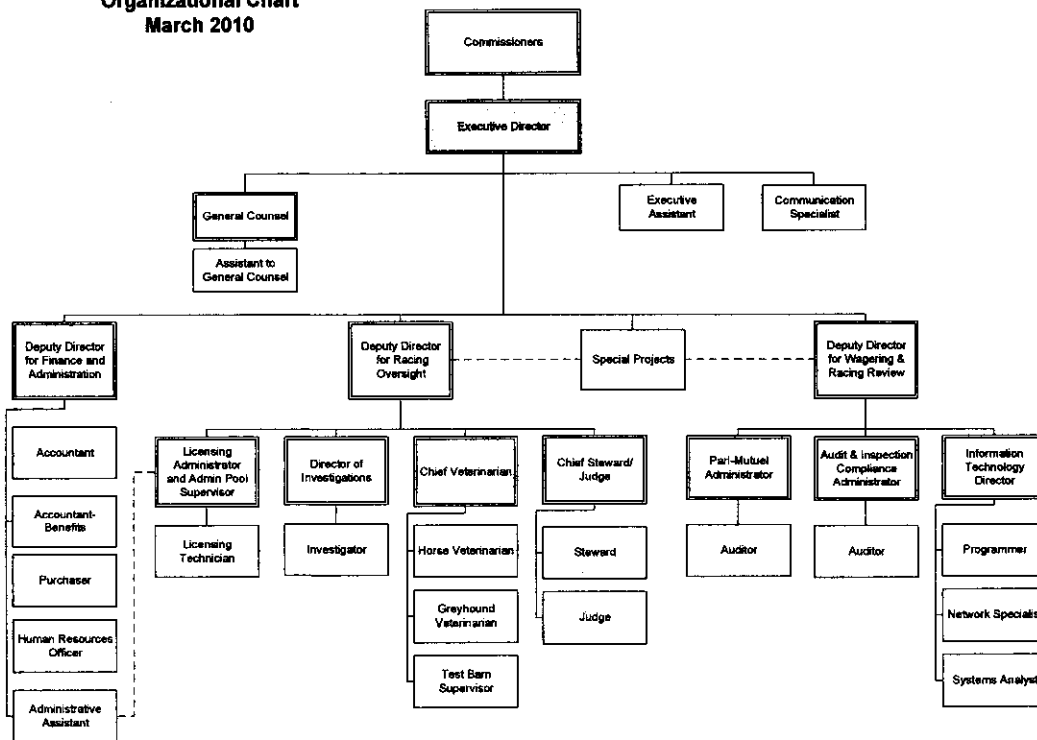


**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2011**

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**Appendix A: Organizational Chart**

**TEXAS RACING COMMISSION**  
**Organizational Chart**  
**March 2010**



**TEXAS RACING COMMISSION**  
**Internal Audit Plan – Fiscal Year 2011**

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**Appendix B: Risk Assessment**

High = 38 and up  
Med = 30-37  
Low = less than 30

Information systems – Security	42
Texas Bred Incentive Program – Associations	40
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P.O. Box 141309

Austin, Texas 78714

512/272-5581

July 23, 2010

After 21 years as a pari-mutuel racetrack, Manor Downs is closing on Sunday, July 25th.

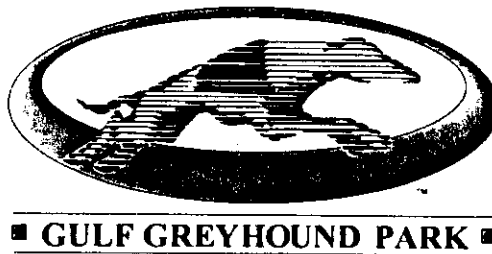
The recent significant drop in handle due to the economy along with the migration of horses to neighboring states are the primary reasons for the closing. "We regret that we are no longer able to accommodate the horsemen and our loyal patrons, but we appreciate their support."

Outstanding tickets may be cashed up to one year from the date of issue. After Sunday, tickets may be cashed in the business office opposite the Turf Club between 10 am and 4 pm, Monday thru Friday. Tickets may also be mailed to: PO Box 141309, Austin, TX 78714.

Manor Downs remains a multi-purpose facility, which includes a commercial kitchen, a private club and over 500 stalls. Manor Downs has previously hosted numerous concerts, the largest being Willie Nelson's Farm Aid II with over 40,000 in attendance.

For further info contact Howard Phillips at [howard@manordowns.com](mailto:howard@manordowns.com)

**III.G.1**



2010 APR 23 PM 1:05

RECEIVED  
TEXAS RACING  
COMMISSION



April 13, 2010

Ms. Charla Ann King  
Executive Director  
Texas Racing Commission  
P. O. Box 12080  
Austin, TX 78711-2080

Re: Gulf Coast Racing Tuesday Evening Live  
Performances at Gulf Greyhound Park

Dear Ms. King:

The Tuesday Evening Live Performances for Gulf Coast Racing held at Gulf Greyhound Park are proving to be very unprofitable. So far we have held 14 performances at a tremendous loss. We are requesting the following:

Cancel the remaining Tuesday Evening Live Performances (12 races) and add one (1) race to the Wednesday Matinee, four (4) races to the Thursday Evening Performances and one (1) race to the Saturday Matinee to complete the 43 requested performances by Gulf Coast Racing. This will allow us to add six (6) of the twelve (12) races back to our performances. Please see the revised calendar attached which also designates the Charity Days.

It is my understanding that as per Rule 303.41(h), the Executive Director can approve the cancellation of the Performance and the addition of 1 race to the Wednesday and Saturday Matinees. We would appreciate your approval of this as soon as possible. Also, please place on the next Texas Racing Commission meeting Agenda the addition of an Abbreviated Performance of four (4) races on Thursday Evenings.

If you have questions or would like to discuss this, please feel free to call me. Thank you.

Yours truly,

Sally B. Briggs  
General Manager

C: Mark Fenner  
Sammy Jackson

**T E X A S   R A C I N G   C O M M I S S I O N**  
**R E Q U E S T   F O R   L I V E   R A C E   D A T E S**  
**G R E Y H O U N D   R A C E T R A C K S   -   2 0 1 0**

**INSTRUCTIONS:** Print or type the information requested in each section and attach all required documents and additional sheets if necessary. The Commission will not consider an incomplete request. The request must be filed at the Commission's Austin office no later than 5:00 p.m. on Friday, July 17, 2009.

**I. Schedule Requested**

Name of Racetrack: Gulf Coast Racing

Opening Day: 1 / 5 / 2010      Closing Day: 11/ 16 / 2010

Number of Performances per week scheduled for five or more races 43

Projected Number of Races per Performance 12

Number of Performances per week scheduled for fewer than five races       

Projected Number of Races per Performance       

TOTAL NUMBER OF PERFORMANCES REQUESTED 43

**REVISED**

**II. Charity Days**

Indicate which days are designated as charity days:

*DESIGNATED BY RULE*

(1) A charity that directly benefits the persons who work on the backside:

1/12/2010 for Texas Greyhound Association  
(Name of Charity)

(2) A charity that primarily benefits research into the health or safety of race animals:

5/19/2010 for Texas A&M University Scholarship Fund  
(Name of Charity)

8/4/2010 for STARS-South Texas Academic Rising Scholars  
(Name of Charity)

9/22/2010 for Charlie's Place  
(Name of Charity)

10/27/2010 for STARS-South Texas Academic Rising Scholars  
(Name of Charity)

# GULF GREYHOUND PARK

(Name of Racetrack)

## Requested Live Race Dates for 2010

JANUARY						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1 New Year's Day E 7:00 PM	2 M 1:30 PM E 7 PM
3 M 1:30 PM	4	5 GCR: E 7:00 PM	6 M 12 PM	7 E 7:00 PM	8 E 7:00 PM	9 M 1:30 PM E 7 PM
10 M 1:30 PM	11	12 GCR: E 7:00 PM	13 M 12 PM	14 E 7:00 PM	15 E 7:00 PM	16 M 1:30 PM E 7 PM
17 M 1:30 PM	18 Martin Luther King	19 GCR: E 7:00 PM	20 M 12 PM	21 E 7:00 PM	22 E 7:00 PM	23 M 1:30 PM E 7 PM
24 M 1:30 PM	25	26 GCR: E 7:00 PM	27 M 12 PM	28 E 7:00 PM	29 E 7:00 PM	30 M 1:30 PM E 7 PM
31 M 1:30 PM						

FEBRUARY						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2 GCR: E 7:00 PM	3 M 12 PM	4 E 7:00 PM	5 E 7:00 PM	6 M 1:30 PM E 7 PM
7 M 1:30 PM	8	9 GCR: E 7:00 PM	10 M 12 PM	11 E 7:00 PM	12 E 7:00 PM	13 M 1:30 PM E 7 PM
14 M 1:30 PM	15 Presidents' Day	16 GCR: E 7:00 PM	17 M 12 PM	18 E 7:00 PM	19 E 7:00 PM	20 M 1:30 PM E 7 PM
21 M 1:30 PM	22	23 GCR: E 7:00 PM	24 M 12 PM	25 E 7:00 PM	26 E 7:00 PM	27 M 1:30 PM E 7 PM
28 M 1:30 PM						

MARCH						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2 GCR: E 7:00 PM	3 M 12 PM	4 E 7:00 PM	5 E 7:00 PM	6 M 1:30 PM E 7 PM
7 M 1:30 PM	8	9 GCR: E 7:00 PM	10 M 12 PM	11 E 7:00 PM	12 E 7:00 PM	13 M 1:30 PM E 7 PM
14 M 1:30 PM Day-Light Savings Begins	15	16 GCR: E 7:00 PM	17 M 12 PM	18 E 7:00 PM	19 E 7:00 PM	20 M 1:30 PM E 7 PM
21 M 1:30 PM	22	23 GCR: E 7:00 PM	24 M 12 PM	25 E 7:00 PM	26 E 7:00 PM	27 M 1:30 PM E 7 PM
28 M 1:30 PM	29	30 GCR: E 7:00 PM	31 M 12 PM			

# GULF GREYHOUND PARK

(Name of Racetrack)

## Requested Live Race Dates for 2010

APRIL						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1 E 7:00 PM	2 E 7:00 PM	3 M 1:30 PM E 7 PM
4 Easter	5	6 GCR: E 7:00 PM	7 M 12 PM	8 E 7:00 PM	9 E 7:00 PM	10 M 1:30 PM E 7 PM
11 M 1:30 PM	12	13 GCR: E 7:00 PM	14 M 12 PM	15 E 7:00 PM	16 E 7:00 PM	17 M 1:30 PM E 7 PM
18 M 1:30 PM	19	20 GCR: E 7:00 PM	21 M 12 PM	22 E 7:00 PM	23 E 7:00 PM	24 M 1:30 PM E 7 PM
25 M 1:30 PM	26	27 GCR: E 7:00 PM	28 M 12 PM	29 E 7:00 PM	30 E 7:00 PM	

MAY						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
						1 M 1:30 PM GCR 1 race E 7 PM
2 M 1:30 PM	3	4	5 M 12 PM GCR 1 race	6 E 7:00 PM GCR AE (4)	7 E 7:00 PM	8 M 1:30 PM GCR 1 race E 7 PM
9 M 1:30 PM	10	11	12 M 12 PM GCR 1 race	13 E 7:00 PM GCR AE (4)	14 E 7:00 PM	15 M 1:30 PM GCR 1 race E 7 PM
16 M 1:30 PM	17	18	19 M 12 PM GCR 1 race	20 E 7:00 PM GCR AE (4)	21 E 7:00 PM	22 M 1:30 PM GCR 1 race E 7 PM
23 M 1:30 PM	24	25	26 M 12 PM GCR 1 race	27 E 7:00 PM GCR AE (4)	28 E 7:00 PM	29 M 1:30 PM GCR 1 race E 7 PM
30 M 1:30 PM	31 Memorial Day M 1:30 PM					

JUNE						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1	2 M 12 PM	3 E 7:00 PM	4 E 7:00 PM	5 Belmont M 1:30 PM E 7 PM
6 M 1:30 PM	7	8	9 M 12 PM GCR 1 race	10 E 7:00 PM GCR AE (4)	11 E 7:00 PM	12 M 1:30 PM GCR 1 race E 7 PM
13 M 1:30 PM	14	15	16 M 12 PM GCR 1 race	17 E 7:00 PM GCR AE (4)	18 E 7:00 PM	19 M 1:30 PM GCR 1 race E 7 PM
20 M 1:30 PM	21	22	23 M 12 PM GCR 1 race	24 E 7:00 PM GCR AE (4)	25 E 7:00 PM	26 M 1:30 PM GCR 1 race E 7 PM
27 M 1:30 PM	28	29	30 M 12 PM GCR 1 race			

# GULF GREYHOUND PARK

(Name of Racetrack)

## Requested Live Race Dates for 2010

JULY						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1 E 7:00 PM GCR AE (4)	2 E 7:00 PM	3 M 1:30 PM E 7 PM
4 M 1:30 PM Independence Day	5	6	7 M 12 PM	8 E 7:00 PM GCR AE (4)	9 E 7:00 PM	10 M 1:30 PM E 7 PM
11 M 1:30 PM	12	13	14 M 12 PM GCR 1 race	15 E 7:00 PM GCR AE (4)	16 E 7:00 PM	17M 1:30 PM GCR 1 race E 7 PM
18 M 1:30 PM	19	20	21 M 12 PM GCR 1 race	22 E 7:00 PM GCR AE (4)	23 E 7:00 PM	24M 1:30 PM GCR 1 race E 7 PM
25 M 1:30 PM	26	27	28 M 12 PM GCR 1 race	29 E 7:00 PM GCR AE (4)	30 E 7:00 PM	31M 1:30 PM GCR 1 race E 7 PM

AUGUST						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
M 1:30 PM	2	3	4 M 12 PM GCR 1 race	5 E 7:00 PM GCR AE (4)	6 E 7:00 PM	7M 1:30 PM GCR 1 race E 7 PM
8 M 1:30 PM	9	10	11 M 12 PM GCR 1 race	12 E 7:00 PM GCR AE (4)	13 E 7:00 PM	14M 1:30 PM GCR 1 race E 7 PM
15 M 1:30 PM	16	17	18 M 12 PM GCR 1 race	19 E 7:00 PM GCR AE (4)	20 E 7:00 PM	21M 1:30 PM GCR 1 race E 7 PM
22 M 1:30 PM	23	24	25 M 12 PM GCR 1 race	26 E 7:00 PM GCR AE (4)	27 E 7:00 PM	28M 1:30 PM GCR 1 race E 7 PM
29 M 1:30 PM	30	31				

SEPTEMBER						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1 M 12 PM GCR 1 race	2 E 7:00 PM GCR AE (4)	3 E 7:00 PM	4M 1:30 PM GCR 1 race E 7 PM
5 M 1:30 PM	6 Labor Day M 1:30 PM	7	8 M 12 PM	9 E 7:00 PM GCR AE (4)	10 E 7:00 PM	11M 1:30 PM E 7 PM
12 M 1:30 PM	13	14	15 M 12 PM GCR 1 race	16 E 7:00 PM GCR AE (4)	17 E 7:00 PM	18M 1:30 PM GCR 1 race E 7 PM
19 M 1:30 PM	20	21	22 M 12 PM GCR 1 race	23 E 7:00 PM GCR AE (4)	24 E 7:00 PM	25M 1:30 PM GCR 1 race E 7 PM
26 M 1:30 PM	27	28	29 M 12 PM GCR 1 race	30 E 7:00 PM GCR AE (4)		



# GULF GREYHOUND PARK

(Name of Racetrack)

## Requested Live Race Dates for 2010

OCTOBER						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1 E 7:00 PM	2M 1:30 PM GCR 1 race E 7 PM
3 M 1:30 PM	4	5	6 M 12 PM GCR 1 race	7 E 7:00 PM GCR AE (4)	8 E 7:00 PM	9M 1:30 PM GCR 1 race E 7 PM
10 M 1:30 PM	11 Columbus Day	12	13 M 12 PM GCR 1 race	14 E 7:00 PM GCR AE (4)	15 E 7:00 PM	16M 1:30 PM GCR 1 race E 7 PM
17 M 1:30 PM	18	19	20 M 12 PM GCR 1 race	21 E 7:00 PM GCR AE (4)	22 E 7:00 PM	23M 1:30 PM GCR 1 race E 7 PM
24 M 1:30 PM	25	26	27 M 12 PM GCR 1 race	28 E 7:00 PM GCR AE (4)	29 E 7:00 PM	30M 1:30 PM GCR 1 race E 7 PM
31 M 1:30 PM						

NOVEMBER						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3 M 12 PM GCR 1 race	4 E 7:00 PM GCR AE (4)	5 E 7:00 PM	6 M 1:30 PM GCR 1 race E 7 PM
7 M 1:30 PM Day-Light Savings Ends	8	9	10 M 12 PM GCR 1 race	11 E 7:00 PM GCR AE (4)	12 E 7:00 PM	13 M 1:30 PM GCR 1 race E 7 PM
14 M 1:30 PM	15	16	17 M 12 PM GCR 1 race	18 E 7:00 PM GCR AE (4)	19 E 7:00 PM	20M 1:30 PM GCR 1 race E 7 PM
21 M 1:30 PM	22	23	24 M 12 PM	25 Thanksgiving E 7:00 PM	26 E 7:00 PM	27 M 1:30 PM E 7 PM
28 M 1:30 PM	29	30				

DECEMBER						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1 M 12 PM	2 E 7:00 PM	3 E 7:00 PM	4M 1:30 PM E 7 PM
5 M 1:30 PM	6	7	8 M 12 PM	9 E 7:00 PM	10 E 7:00 PM	11M 1:30 PM E 7 PM
12 M 1:30 PM	13	14	15 M 12 PM	16 E 7:00 PM	17 E 7:00 PM	18M 1:30 PM E 7 PM
19 M 1:30 PM	20	21	22 M 12 PM	23 E 7:00 PM	24	25Christmas
26 M 1:30 PM **AM4:45 PM	27	28	29 M 12 PM	30 E 7:00 PM	31 E 6 PM New Years Eve	



**TEXAS RACING COMMISSION**

**P. O. Box 12080  
Austin, TX 78711-2080  
(512) 833-6699  
Fax (512) 833-6907**

**April 28, 2010**

**Ms. Sally Briggs  
General Manager  
Gulf Greyhound Park  
P.O. Box 488  
La Marque, Texas 77568-0488**

**Subject: Request to Cancel Remaining Tuesday Live Race Day Performances at  
Gulf Greyhound Park (GGP)**

**Dear Ms. Briggs:**

Staff has reviewed GGP's request to cancel the remaining Tuesday live race day performances due to the financial hardship they have caused the racetrack. Staff has performed an analysis<sup>1</sup> of GGP's 2010 live wagering data for the period of January 4<sup>th</sup> through April 25<sup>th</sup> and verified that the Tuesday performances are significantly underperforming as compared to the period averages. The analysis specifically found the following:

- Average Handle Per Live Performance on Tuesdays is 50.82% below the period average.
- Average Handle Per Live Race on Tuesdays is 48.52% below the period average.

In accordance with Commission Rule §303.41(h), I am approving GGP's request to cancel the remaining Tuesday live performances granted on the 2010 racing calendar beginning with Tuesday, May 4, 2010. Additionally, I applaud GGP's effort to minimize the loss of racing opportunities by adding races to those performances that were below the thirteen race maximum amount and by requesting to add a four-race abbreviated

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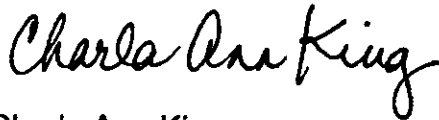
<sup>1</sup> Gulf Greyhound Park 2010 Live Handle Analysis

performance on Thursday evenings. The adding of races to those performances below the thirteen race maximum may be initiated immediately.

As pointed out in your letter, the adding of the abbreviated performances will need to be considered by the Commissioners. Staff will work with you to prepare this for consideration at the next Commission meeting.

If you have any questions, please contact Chuck Trout or Sammy Jackson.

Sincerely,



Charla Ann King  
Executive Director

Enclosure

cc: Rolando Pablos, Commission Chair  
Robert Schmidt, MD., Commission Vice Chair  
Gloria Hicks, Commissioner  
Mark Fenner, General Counsel  
Chuck Trout, Deputy Director for Racing Oversight  
Sammy Jackson, Deputy Director for Wagering & Racing Review



# Gulf Greyhound Park 2010 Live Handle Analysis

	<u>Monday</u>	<u>Tuesday</u>	<u>Wednesday</u>	<u>Thursday</u>	<u>Friday</u>	<u>Saturday</u>	<u>Sunday</u>	<u>Total</u>
Jan. 4 - Jan. 10		14,317.30	17,018.90	28,547.90				59,884.10
Jan. 11 - Jan. 17		15,032.60	18,892.90	41,297.60	31,557.10	64,634.40	23,478.50	194,893.10
Jan. 18 - Jan.24		14,661.00	20,739.60	46,757.90	38,081.10	68,227.60	25,873.00	214,340.20
Jan. 26 - Jan.31		14,475.70	19,541.50	47,757.80	31,653.30	68,272.30	32,866.60	214,567.20
Feb. 1 - Feb.7		15,309.90	19,868.00	51,127.50	39,965.10	66,628.70	19,870.50	212,769.70
Feb. 8 - Feb14		14,855.10	24,417.40	36,443.70	38,563.40	87,839.70	46,514.70	246,634.00
Feb. 15 - Feb.21		13,291.70	19,966.00	57,633.00	37,539.50	70,555.30	33,687.30	232,672.80
Feb. 22 - Feb.28		14,734.40	23,929.00	52,799.30	33,691.80	82,044.50	36,341.70	243,540.70
March 1 - March 7		28,818.60	24,994.50	53,106.30	37,906.00	72,235.00	36,648.40	253,708.80
March 8 - March 14		16,344.60	19,103.80	48,562.40	34,519.50	77,713.50	37,902.30	234,146.10
March 15 - March 21		19,300.70	23,343.60	62,077.00	41,923.60	69,085.00	43,183.90	258,913.80
March 22 - March 28		13,574.60	20,143.50	44,722.60	32,194.30	63,823.80	33,026.50	207,485.30
March 29 - April 4		14,642.60	21,066.00	63,822.30	51,318.40	72,536.20		223,385.50
April 5 - April 11		12,970.30	15,888.90	44,273.10	28,154.70	67,437.90	28,892.20	197,617.10
April 12 - April 18		12,904.50	23,637.50	49,482.30	42,721.70	67,524.70	25,070.80	221,341.50
April 19- April 25		17,630.40	20,059.40	38,579.80	36,875.80	75,047.90	34,237.90	222,431.20
<b>Total</b>		252,864.00	332,610.50	766,990.50	554,665.30	1,073,606.50	457,594.30	3,438,331.10
# of Live Days Actually Ran		16	16	16	15	15	14	92
# of Performances Per Day		1	1	1	1	2	1	107
# of Races Per Day		12	12	13	13	25	13	
Average Handle Per Live Race Day		15,804	20,788	47,937	36,978	71,574	32,685	37,373
Average Handle Per Live Performance		15,804	20,788	47,937	36,978	35,787	32,685	32,134
Average Handle Per Live Race		1,317	1,732	3,687	2,844	2,863	2,514	2,558
<b>Above or Below Averages</b>								
Average Handle Per Live Race Day		-57.71%	-44.38%	28.27%	-1.06%	91.51%	-12.54%	
Average Handle Per Live Performance		-50.82%	-35.31%	49.18%	15.07%	11.37%	1.72%	
Average Handle Per Live Race		-48.52%	-32.28%	44.14%	11.19%	11.91%	-1.72%	



# Memorandum

Date: June 22, 2010

To: Mark Fenner, General Counsel

From: *SJ* Sammy Jackson, Deputy Director for Wagering & Racing Review

RE: Extension Agreements for Allocation of Purse Revenues Generated from Simulcasting (2010 thru 2012), & Distribution of Funds Accrued in Escrow Purse Account (2011 and 2012)

Staff has reviewed the documents provided on behalf of the active Texas Horse Racetracks seeking to extend agreements that govern the allocation of horse purse funds outlined within Commission Rules §321.505 and §321.509 for a two year period beginning January 1, 2011 and ending December 31, 2012. Staff compared the extension agreements to the current "breed split" agreements that were approved by the Commission in November 2007 for a three year period beginning January 1, 2008 and ending December 31, 2010.

### **Allocation of Purse Revenues Generated from Simulcasting (§321.505):**

The agreements that address allocation of purse revenues generated from simulcasting are identical to the original agreements except for one area. The extension agreement has an addendum that further allocates the minor breed purse accounts between the Arabian and Paint Horses.

It also has a separate provision that addresses the 2010 minor breed purse accounts for each racetrack in two distinct ways. First, effective May 25, 2010, for all tracks except Manor Downs, this provision requires the accrued balances in each of the minor breed purse accounts to be allocated between the Arabian and Paint Horses by the same percentages agreed to for years 2011 and 2012. Also effective May 25, 2010, it provides that the Manor Downs minor breed accrued balance be allocated 50% to Arabians and 50% to Paint Horses. Second, this provision requires all future allocations to minor breed purse accounts during 2010 be allocated to the Arabian and Paint Horse purse accounts by the percentages agreed to for the years 2011 and 2012.

With this new addendum, 100% of purse revenues generated from simulcasting will be allocated to a specific breed of horse, providing a more accurate means to account for and report on purse account activity/status. The following tables reflect the agreed to allocations in both the extension agreement and the addendum to the extension agreement:

<b>Allocation of Purse Revenue Generated from Simulcasting - 2011-2012</b>					
<b>By Breed of Horse</b>	<b>GCF</b>	<b>MD</b>	<b>LSP</b>	<b>RP</b>	<b>SHRP</b>
Minor Breed Purse Account	1.50%	1.50%	1.25%	2.00%	2.00%
Quarter Horse Purse Account	68.95%	72.89%	16.79%	21.56%	21.56%
Thoroughbred Purse Account	29.55%	25.61%	81.96%	76.44%	76.44%

<b>Allocation of Minor Breed Purse Account - 2011-2012</b>					
<b>By Breed of Horse</b>	<b>GCF</b>	<b>MD</b>	<b>LSP</b>	<b>RP</b>	<b>SHRP</b>
Arabian Purse Account	0.00%	0.00%	65.00%	75.00%	70.00%
Paint Horse Purse Account	100.0%	100.0%	35.00%	25.00%	30.00%

**Distribution of Funds Accrued in Escrow Purse Account (\$321.509):**

There is no change in the distribution of funds accrued in the escrow purse account from cross-species wagering. The following table reflects the agreed upon distribution of funds accrued in the escrow purse account to each horse racetrack and the allocations of these purse funds between the various breeds of horses participating in racing at each racetrack:

<b>Distribution of Funds Accrued in Escrow Purse Account - 2011-2012</b>					
<b>Distribution %</b>	<b>GCF 1.60%</b>	<b>MD 7.80%</b>	<b>LSP 24.65%</b>	<b>RP 24.65%</b>	<b>SHRP 41.30%</b>
Arabian Purse Account	3.50%	3.50%	3.50%	3.50%	3.50%
Paint Horse Purse Account.	3.50%	3.50%	3.50%	3.50%	3.50%
Quarter Horse Purse Account	72.075%	72.075%	72.075%	72.075%	72.075%
Thoroughbred Purse Account	20.925%	20.925%	20.925%	20.925%	20.925%

**Summary:**

The associations have submitted the agreements outlined above in accordance with Commission Rules 321.505(a) and 321.509(a). These agreements:

- allocate purse money generated from simulcasting to the various breeds of horses for calendar years 2011 and 2012;
- further allocates the minor breed purse money generated from simulcasting to the Arabian and Paint Horses for the period of May 25, 2010 thru December 31, 2010, and for calendar years 2011 and 2012; and
- distributes the escrow purse account funds to each horse racetrack and then allocates these purse funds between the various breeds of horses participating in racing at each racetrack .

Commission Rules 321.505(a)(6) and 321.509(e) stipulates that an association, in lieu of the processes outlined within these rules, may submit a signed agreement between the association and the organizations referenced within these rules to the Commission for approval. These rules further state, for the Commission to approve the agreements, the agreements must delineate the percentages by which the association will divide the purse revenue generated from simulcasting among the various breeds of horses, must delineate the percentages by which the escrow purse account will be distributed to the racetracks, and must be signed by the association and all organizations referenced within the relevant rules.

Staff's finds that the agreements submitted by the associations for Commission approval are in compliance with Commission Rules 321.505(a)(6) and 321.509(e).

Please let me know if you have any questions.

Cc: Charla Ann King, Executive Director  
Chuck Trout, Deputy Director for Racing Oversight  
Shelley Harris-Curtsinger, Deputy Director for Finance & Administration  
Carol Olewin, Compliance Audit Administrator

Attachments: Original Agreement  
Extension Agreement  
Addendum to Extension Agreement



2010 MAY 17 PM 1:48

RECEIVED  
TEXAS RACING  
COMMISION

May 6, 2010

Ms. Charla Ann King  
Executive Director  
Texas Racing Commission  
P.O. Box 12080  
Austin, TX 78711-2080

Dear Ms. King:

On behalf of all racetracks in Texas, we are seeking approval from the Texas Racing Commission of an extension to the current Breed Split agreement. Please accept this letter as our formal request to add this item to the agenda for the next Texas Racing Commission Meeting scheduled to be held on July 7, 2010. Enclosed is a copy of the executed extension for your review and to be included in the agenda packet for the referenced meeting.

Should you have any additional questions, please do not hesitate to contact me directly.

Sincerely,

  
Andrea B. Young  
President

Cc: Sammy Jackson  
Mark Fenner

### Agreement

In an effort to achieve a fair and equitable split of revenue available to horsemen, the following Agreement is made by and between Lone Star Park, Gillespie County Fair, Manor Downs, Retama Park, Sam Houston Race Park, Texas Horsemen's Benevolent and Protective Association and Texas Thoroughbred HBPA, Inc. The term of the agreement shall be for calendar years 2008, 2009 and 2010.

The parties believe that this is the best possible allocation of revenue, at this time, for the specified term of the Agreement and recognize that the overall distribution of revenue must be observed to maintain the equity interests of each signatory party and the horsemen they represent. This Agreement is submitted in accordance with 16 Tex. Admin. Code Sec. 321.505

Purse revenue generated by importing horse simulcasting at each of the horse racetracks shall be allocated between the breeds of horses participating as follows:

Lone Star Park for calendar years 2008, 2009, 2010 – 1.25% to the Minor Breed Account; 83% of the balance to the Thoroughbred Account and 17% of the balance to the Quarter Horse Account;

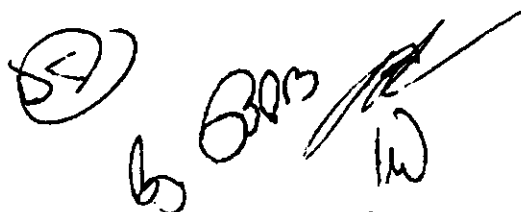
Retama Park for calendar year 2008 – 2% to the Minor Breed Account; 79% of the balance to the Thoroughbred Account and 21% of the balance to the Quarter Horse Account;

Retama Park for calendar years 2009 & 2010 – 2% to the Minor Breed Account; 78% of the balance to the Thoroughbred Account and 22% of the balance to the Quarter Horse Account;

Sam Houston Race Park for calendar 2008 – 2% to the Minor Breed Account; 79% of the balance to the Thoroughbred Account and 21% of the balance to the Quarter Horse Account;

Sam Houston Race Park for calendar years 2009 & 2010 – 2% to the Minor Breed Account; 78% of the balance to the Thoroughbred Account and 22% of the balance to the Quarter Horse Account;

Manor Downs for calendar years 2008, 2009, 2010 – 1.5% to the Minor Breed Account; 26% of the balance to the Thoroughbred Account and 74% of the balance to the Quarter Horse Account; and





Gillespie County Fair for calendar years 2008, 2009, 2010 – 1.5% to the Minor Breed Account; 30% of the balance to the Thoroughbred Account and 70% of the balance to the Quarter Horse Account.

The escrowed horse purse account funds generated by importing inter-state horse simulcasting at each of the Texas greyhound racetracks and collected/administered by the Texas Racing Commission shall be allocated to the Texas horse racetracks for purses as follows:

Lone Star Park for calendar years 2008, 2009, 2010 – 24.65%.

Retama Park for calendar years 2008, 2009, 2010 – 24.65%.

Sam Houston Race Park for calendar years 2008, 2009, 2010 – 41.3%.

Manor Downs for calendar years 2008, 2009, 2010 – 7.8%, and

Gillespie County Fair for calendar years 2008, 2009, 2010 – 1.6%

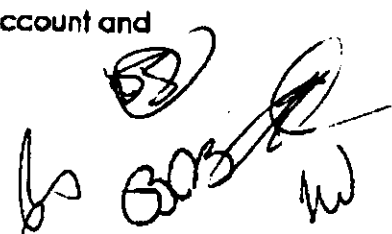
The escrowed horse purse account funds collected by the Texas Racing Commission and allocated to each Texas horse racetrack shall be allocated between the breeds of horses participating as follows:

Lone Star Park for calendar years 2008, 2009, 2010 – 3.5% to the Arabian Account, 3.5% to the Paint Horse Account, 20.925% to the Thoroughbred Account and 72.075% to the Quarter Horse Account;

Retama Park for calendar years 2008, 2009, 2010 - 3.5% to the Arabian Account, 3.5% to the Paint Horse Account, 20.925% to the Thoroughbred Account and 72.075% to the Quarter Horse Account;

Sam Houston Race Park for calendar years 2008, 2009, 2010 - 3.5% to the Arabian Account, 3.5% to the Paint Horse Account, 20.925% to the Thoroughbred Account and 72.075% to the Quarter Horse Account;

Manor Downs for calendar years 2008, 2009, 2010 - 3.5% to the Arabian Account, 3.5% to the Paint Horse Account, 20.925% to the Thoroughbred Account and 72.075% to the Quarter Horse Account; and

Handwritten signature and initials, possibly "B3" and "W", in black ink.

Gillespie County Fair for calendar years 2008, 2009, 2010 - 3.5% to the Arabian Account, 3.5% to the Paint Horse Account, 20.925% to the Thoroughbred Account and 72.075% to the Quarter Horse Account.

This Agreement does not establish a precedent, nor are its provisions binding beyond the stated 3-year term.


The foregoing is acknowledged and agreed to on this \_\_\_\_\_ day of November 2007.



Gillespie County Fair

\_\_\_\_\_

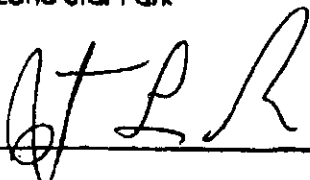
Manor Downs



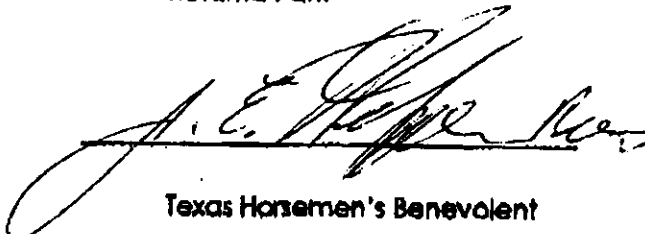
Lone Star Park



Retama Park



Sam Houston Race Park  
and Protective Association



Texas Horsemen's Benevolent

\_\_\_\_\_  
Texas Thoroughbred HBPA, Inc.

Nov 13 07 03:10p

CHRISTOPHER LUMBER  
TX HORSEMEN'S PARTNERSHIP

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Gillespie County Fair for calendar years 2008, 2009, 2010 - 3.5% to the Arabian Account, 3.5% to the Paint Horse Account, 20.925% to the Thoroughbred Account and 72.075% to the Quarter Horse Account.

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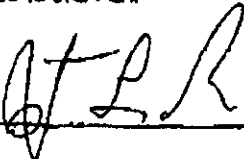
Gillespie County Fair

Manor Downs



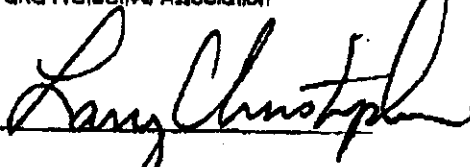
Lone Star Park

Relama Park



Sam Houston Race Park  
and Protective Association

Texas Horsemen's Benevolent



Texas Thoroughbred HBPA, Inc.

Gillespie County Fair for calendar years 2008, 2009, 2010 - 3.5% to the Arabian Account, 3.5% to the Paint Horse Account, 20.925% to the Thoroughbred Account and 72.075% to the Quarter Horse Account.

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The foregoing is acknowledged and agreed to on this \_\_\_\_\_ day of November 2007.

\_\_\_\_\_  
Gillespie County Fair

  
Manar Downs

\_\_\_\_\_  
Lone Star Park

  
Relama Park

\_\_\_\_\_  
Sam Houston Race Park  
and Protective Association

\_\_\_\_\_  
Texas Horsemen's Benevolent

\_\_\_\_\_  
Texas Thoroughbred HBPA, Inc.

## EXTENSION AGREEMENT

Lone Star Park, Gillespie County Fair, Manor Downs, Retama Park, Sam Houston Race Park, Ltd., Texas Horsemen's Benevolent and Protective Association and Texas Thoroughbred HBPA, Inc. (collectively, the "Parties") entered into an agreement dated effective as of January 1, 2008, pertaining to the allocation of revenue of the Minor Breed Account, Thoroughbred Account and the Quarter House Account (the "Agreement").

The Agreement expires on December 31, 2010 and the Parties desire to extend the term of the Agreement.

Therefore, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. The Agreement shall be extended for a term of two additional years, commencing on January 1, 2011 and expiring on December 31, 2012, unless sooner terminated as provided below.

2. Any of the Parties may terminate the Agreement for any reason, but only after December 31, 2011, and only upon providing not less than 90 days written notice to all of the Parties.

3. Except as expressly provided in this Extension Agreement, all the terms and conditions of the Agreement are hereby ratified and confirmed and shall remain in full force and effect. All terms defined in the Agreement shall have the same meaning in this Extension Agreement unless expressly provided to the contrary in this Extension Agreement.

4. It is expressly understood among the parties that by execution of this Extension Agreement that the Agreement is hereto attached and incorporated into this Extension Agreement by reference.

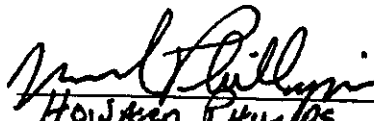
5. This Extension Agreement may be executed in counterparts, each of which shall be an original and together will constitute a fully executed Extension Agreement. As soon as possible, the Parties agree to exchange counterparts so that each party will have a fully executed Extension Agreement.

Dated: March \_\_\_\_\_, 2010.

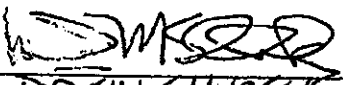
**Gillespie County Fair**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
As Its: \_\_\_\_\_  
Date: \_\_\_\_\_


**Manor Downs**

By:   
Name: Howard P. Hines  
As Its: CEO  
Date: 2-26-10

**Lone Star Park**

By:   
Name: DREW SHUBECK  
As Its: President  
Date: 3-28-10

**Retama Park**

By:   
Name: Bryan R. Brown  
As Its: CEO  
Date: 3/26/10

## EXTENSION AGREEMENT

Lone Star Park, Gillespie County Fair, Manor Downs, Retama Park, Sam Houston Race Park, Ltd., Texas Horsemen's Benevolent and Protective Association and Texas Thoroughbred HBPA, Inc. (collectively, the "Parties") entered into an agreement dated effective as of January 1, 2008, pertaining to the allocation of revenue of the Minor Breed Account, Thoroughbred Account and the Quarter House Account (the "Agreement").

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Dated: March 18, 2010.

**Gillespie County Fair**

By: *Eric L. Wilson*  
Name: ERIC L. WILSON  
As Its: DIR. OF COMPLIANCE  
Date: 3-18-2010

**Lone Star Park**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
As Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**Manor Downs**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
As Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**Retama Park**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
As Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**Sam Houston Race Park, Ltd.**

By: SHRP General Partner, Inc.,  
its General Partner

By: \_\_\_\_\_  
Name: Andrea Young  
As Its: President and  
Chief Operating Officer

Date: \_\_\_\_\_

**Texas Thoroughbred HBPA, Inc.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
As Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**Texas Quarterhorse Association**

By: \_\_\_\_\_  
Name: Rob Werstler  
As Its: Executive Director  
Date: \_\_\_\_\_

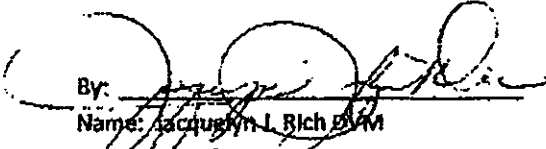
**Texas Arabian Breeders Association**

By: \_\_\_\_\_  
Name: Ed Wilson  
As Its: President  
Date: April 1, 2010

**Texas Horsemen's Benevolent and Protective  
Association**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
As Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**Texas Thoroughbred Association**

By:   
Name: Jacquelyn J. Rich DVM  
As Its: President  
Date: April 7, 2010

**Texas Paint Horse Breeders Association**

By: \_\_\_\_\_  
Name: Karen Utecht  
As Its: Director  
Date: \_\_\_\_\_

**Sam Houston Race Park, Ltd.**

By: SHRP General Partner, Inc.,  
Its General Partner

By: \_\_\_\_\_  
Name: Andrea Young  
As Its: President and  
Chief Operating Officer

Date: \_\_\_\_\_

**Texas Horsemen's Benevolent and Protective Association**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
As Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**Texas Thoroughbred HBPA, Inc.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
As Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**Texas Thoroughbred Association**

By: \_\_\_\_\_  
Name: David Hooper  
As Its: Executive Director  
Date: \_\_\_\_\_

**Texas Quarterhorse Association**

By: \_\_\_\_\_  
Name: Rob Werstler  
As Its: Executive Director  
Date: \_\_\_\_\_

**Texas Paint Horse Breeders Association**

By: Karen Utecht  
Name: Karen Utecht  
As Its: Director  
Date: 4-1-10

**Texas Arabian Breeders Association**

By: \_\_\_\_\_  
Name: Ed Wilson  
As Its: President  
Date: \_\_\_\_\_



**Sam Houston Race Park, Ltd.**

By: SHRP General Partner, Inc.,  
Its General Partner

By: \_\_\_\_\_  
Name: Andrea Young  
As Its: President and  
Chief Operating Officer

Date: \_\_\_\_\_

**Texas Thoroughbred HBPA, Inc.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
As Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**Texas Quarterhorse Association**

By: \_\_\_\_\_  
Name: Rob Werstler  
As Its: Executive Director  
Date: \_\_\_\_\_

**Texas Arabian Breeders Association**

By: Ed Wilson  
Name: Ed Wilson  
As Its: President  
Date: 4/1/10

**Texas Horsemen's Benevolent and Protective Association**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
As Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**Texas Thoroughbred Association**

By: \_\_\_\_\_  
Name: David Hooper  
As Its: Executive Director  
Date: \_\_\_\_\_

**Texas Paint Horse Breeders Association**

By: \_\_\_\_\_  
Name: Karen Utecht  
As Its: Director  
Date: \_\_\_\_\_

**Sam Houston Race Park, Ltd.**

By: SHRP General Partner, Inc.,  
Its General Partner

By: \_\_\_\_\_  
Name: Andrea Young  
As Its: President and  
Chief Operating Officer

Date: \_\_\_\_\_

**Texas Thoroughbred HBPA, Inc.**

By: Marshall Reintree  
Name: Marshall Reintree  
As Its: Ex. Director  
Date: 3-31-10

**Texas Quarterhorse Association**

By: \_\_\_\_\_  
Name: Rob Werstler  
As Its: Executive Director  
Date: \_\_\_\_\_

**Texas Arabian Breeders Association**

By: \_\_\_\_\_  
Name: Ed Wilson  
As Its: President  
Date: \_\_\_\_\_

**Texas Horsemen's Benevolent and Protective Association**

By: Marshall Reintree  
Name: Marshall Reintree  
As Its: Ex. Director  
Date: 3-31-10

**Texas Thoroughbred Association**

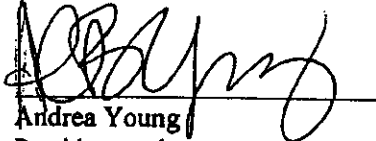
By: \_\_\_\_\_  
Name: David Hooper  
As Its: Executive Director  
Date: \_\_\_\_\_

**Texas Paint Horse Breeders Association**

By: \_\_\_\_\_  
Name: Karen Utecht  
As Its: Director  
Date: \_\_\_\_\_

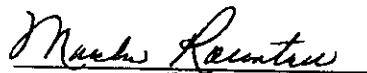
**Sam Houston Race Park, Ltd.**

By: SHRP General Partner, Inc.,  
Its General Partner


By:   
Name: Andrea Young  
As Its: President and  
Chief Operating Officer

Date: \_\_\_\_\_

**Texas Horsemen's Benevolent and Protective  
Association**

By:   
Name: Marshie Rematree  
As Its: Ex. Director  
Date: 3-26-10

**Texas Thoroughbred HBPA, Inc.**

By:   
Name: Marshie Rematree  
As Its: Ex. Director  
Date: 3-26-10

**Sam Houston Race Park, Ltd.**

By: SHRP General Partner, Inc.,  
Its General Partner

By: \_\_\_\_\_  
Name: Andrea Young  
As Its: President and  
Chief Operating Officer

Date: \_\_\_\_\_

**Texas Thoroughbred HBPA, Inc.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
As Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**Texas Quarterhorse Association**

By: Dr Brown  
Name: Rob Werstler  
As Its: Executive Director  
Date: \_\_\_\_\_

**Texas Arabian Breeders Association**

By: \_\_\_\_\_  
Name: Ed Wilson  
As Its: President  
Date: \_\_\_\_\_

**Texas Horsemen's Benevolent and Protective Association**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
As Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**Texas Thoroughbred Association**

By: \_\_\_\_\_  
Name: David Hooper  
As Its: Executive Director  
Date: \_\_\_\_\_

**Texas Paint Horse Breeders Association**

By: \_\_\_\_\_  
Name: Karen Utecht  
As Its: Director  
Date: \_\_\_\_\_

# AGREEMENT

Addendum to Horsemen's Agreement effective January 2008

In an effort to achieve a fair and equitable split of Purse revenue available to Paint Horses and Arabian Horses, the following agreement is made by and between the Texas Paint Horse Breeders Association and the Texas Arabian Association. The term of the agreement shall be for calendar years 2010 and 2011, 2012.


The parties believe that this is the best possible allocation of purse revenue for the source identified below, at this time, for the specified term of the Agreement and recognize that the overall distribution of revenue must be observed to maintain equity interests of each signatory party and the horsemen they represent. This Agreement is submitted in accordance with 16 Tex.Admin.Code Sec. 321.505(a)

Purse revenue generated by importing horse simulcasting at each of the horse racetracks shall be allocated between the breeds of horses participating as follows:

1. Lone Star Park for calendar year 2010, 2011, 2012 – 1.25% to the Minor Breed Account. This account will be divided 35% to Paints and 65% to Arabians.
2. Retama Park for calendar year 2010, 2011, 2012 – 2% to the Minor Breed Account. This account will be divided 25% to Paints and 75% to Arabians.
3. Sam Houston Race Park for calendar years 2010, 2011, 2012 – 2% to the Minor Breed Account. This account will be divided 30% to Paints and 70% to Arabians.
4. Manor Downs for calendar year 2010, 2011, 2012 – 1.5% to the Minor Breed Account. This account will be divided 100% to Paints.
5. Gillespie County Fair for calendar year 2010, 2011, 2012 – 1.5% to the Minor Breed Account. This account will be divided 100% to Paints.

This Agreement will take effect as of May 25, 2010 and all monies currently held in the Minor Breed accounts at each respective track shall be divided per the percentages stated above with the exception of the Minor Breed account at Manor Downs, which shall be split 50% to Paints and 50% to Arabians. All funds generated by importing horse simulcasting at each of the horse racetracks and allocated to the Minor Breed account received from May 25, 2010 forward shall be allocated by and between the Paints and Arabians pursuant to the above percentages. This agreement is for the allocation purse revenue generated by importing simulcasting at each of the horse racetracks and does not affect any other agreements and/or allocation of funds.

  
\_\_\_\_\_  
Texas Paint Horse Breeders Association  
Pancho Villarreal, President

  
\_\_\_\_\_  
Gillespie County Fair

\_\_\_\_\_  
Texas Arabian Breeders Association  
Ed Wilson

\_\_\_\_\_  
Manor Downs

\_\_\_\_\_  
Lone Star Park

\_\_\_\_\_  
Retama Park

\_\_\_\_\_  
Sam Houston Race Park

\_\_\_\_\_  
Texas Horsemen's Partnership

revised 5/25/2010

# AGREEMENT

Addendum to Horsemen's Agreement effective January 2008

In an effort to achieve a fair and equitable split of Purse revenue available to Paint Horses and Arabian Horses, the following agreement is made by and between the Texas Paint Horse Breeders Association and the Texas Arabian Association. The term of the agreement shall be for calendar years 2010 and 2011, 2012.

The parties believe that this is the best possible allocation of purse revenue for the source identified below, at this time, for the specified term of the Agreement and recognize that the overall distribution of revenue must be observed to maintain equity interests of each signatory party and the horsemen they represent. This Agreement is submitted in accordance with 16 Tex.Admin.Code Sec. 321.505(a)

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3. Sam Houston Race Park for calendar years 2010, 2011, 2012 – 2% to the Minor Breed Account. This account will be divided 30% to Paints and 70% to Arabians.
4. Manor Downs for calendar year 2010, 2011, 2012 – 1.5% to the Minor Breed Account. This account will be divided 100% to Paints.
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Texas Paint Horse Breeders Association  
Pancho Villarreal, President

\_\_\_\_\_  
Texas Arabian Breeders Association  
Ed Wilson

\_\_\_\_\_  
Gillespie County Fair

\_\_\_\_\_  
Manor Downs

  
Lone Star Park

\_\_\_\_\_  
Retama Park

\_\_\_\_\_  
Sam Houston Race Park

\_\_\_\_\_  
Texas Horsemen's Partnership

revised 5/25/2010

# AGREEMENT

Addendum to Horsemen's Agreement effective January 2008

In an effort to achieve a fair and equitable split of Purse revenue available to Paint Horses and Arabian Horses, the following agreement is made by and between the Texas Paint Horse Breeders Association and the Texas Arabian Association. The term of the agreement shall be for calendar years 2010 and 2011, 2012.

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 Texas Paint Horse Breeders Association  
 Pancho Villarreal, President

  
 Texas Arabian Breeders Association  
 Ed Wilson

Gillespie County Fair

Manor Downs

Lone Star Park

Retama Park

  
 Sam Houston Race Park

Texas Horsemen's Partnership

revised 5/25/2010

## AGREEMENT

## Addendum to Horsemen's Agreement effective January 2008

In an effort to achieve a fair and equitable split of Purse revenue available to Paint Horses and Arabian Horses, the following agreement is made by and between the Texas Paint Horse Breeders Association and the Texas Arabian Association. The term of the agreement shall be for calendar years 2010 and 2011, 2012.

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2. Retama Park for calendar year 2010, 2011, 2012 – 2% to the Minor Breed Account. This account will be divided 25% to Paints and 75% to Arabians.
3. Sam Houston Race Park for calendar years 2010, 2011, 2012 – 2% to the Minor Breed Account. This account will be divided 30% to Paints and 70% to Arabians.
4. Manor Downs for calendar year 2010, 2011, 2012 – 1.5% to the Minor Breed Account. This account will be divided 100% to Paints.
5. Gillespie County Fair for calendar year 2010, 2011, 2012 – 1.5% to the Minor Breed Account. This account will be divided 100% to Paints.

This Agreement will take effect as of May 25, 2010 and all monies currently held in the Minor Breed accounts at each respective track shall be divided per the percentages stated above with the exception of the Minor Breed account at Manor Downs, which shall be split 50% to Paints and 50% to Arabians. All funds generated by importing horse simulcasting at each of the horse racetracks and allocated to the Minor Breed account received from May 25, 2010 forward shall be allocated by and between the Paints and Arabians pursuant to the above percentages. This agreement is for the allocation purse revenue generated by importing simulcasting at each of the horse racetracks and does not affect any other agreements and/or allocation of funds.

  
Texas Paint Horse Breeders Association  
Pancho Villarreal, President

\_\_\_\_\_  
Gillespie County Fair

\_\_\_\_\_  
Lone Star Park

\_\_\_\_\_  
Sam Houston Race Park

\_\_\_\_\_  
Texas Arabian Breeders Association  
Ed Wilson

  
\_\_\_\_\_  
Manor Downs

\_\_\_\_\_  
Retama Park

\_\_\_\_\_  
Texas Horsemen's Partnership

revised 5/25/2010



**AGREEMENT**  
Addendum to Horsemen's Agreement effective January 2008

In an effort to achieve a fair and equitable split of Purse revenue available to Paint Horses and Arabian Horses, the following agreement is made by and between the Texas Paint Horse Breeders Association and the Texas Arabian Association. The term of the agreement shall be for calendar years 2010 and 2011, 2012.

The parties believe that this is the best possible allocation of purse revenue for the source identified below, at this time, for the specified term of the Agreement and recognize that the overall distribution of revenue must be observed to maintain equity interests of each signatory party and the horsemen they represent. This Agreement is submitted in accordance with 16 Tex.Admin.Code Sec. 321.505(a)

Purse revenue generated by importing horse simulcasting at each of the horse racetracks shall be allocated between the breeds of horses participating as follows:

1. Lone Star Park for calendar year 2010, 2011, 2012 – 1.25% to the Minor Breed Account. This account will be divided 35% to Paints and 65% to Arabians.
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\_\_\_\_\_  
Texas Paint Horse Breeders Association  
Pancho Villarreal, President

\_\_\_\_\_  
Texas Arabian Breeders Association  
Ed Wilson

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Gillespie County Fair

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Manor Downs

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Lone Star Park

  
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Retama Park

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Sam Houston Race Park

\_\_\_\_\_  
Texas Horsemen's Partnership

revised 5/25/2010

AGREEMENT  
Addendum to Horsemen's Agreement effective January 2008

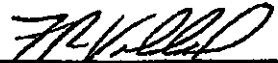
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\_\_\_\_\_  
Texas Paint Horse Breeders Association  
Pancho Villarreal, President

\_\_\_\_\_  
Texas Arabian Breeders Association  
Ed Wilson

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Gillespie County Fair

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Manor Downs

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Lone Star Park

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Retama Park

\_\_\_\_\_  
Sam Houston Race Park

  
\_\_\_\_\_  
Texas Horsemen's Partnership


revised 5/25/2010



**TEXAS RACING COMMISSION**  
**P. O. Box 12080**  
**Austin, TX 78711-2080**  
**(512) 833-6699**  
**Fax (512) 833-6907**

July 26, 2010

To: Charla Ann King  
Executive Director

From:  Michael Gougler  
Director of Investigation

RE: Ownership Changes Retama Partners Ltd.

On June 24, 2010, the Commission received a written request from Retama Partners Ltd. for transfer of the following ownership interests/units.

Alan Dreeben to:

210 Muy Buena Suerte LLC 5 interests/units (.1245%ownership)  
Straus 2003 Irrevocable Trust 5 interests/units (.1245%ownership)

Peter Kornafel to:

210 Muy Buena Suerte LLC 10 interests/units (.2490% ownership)

Jean McPherson to:

210 Muy Buena Suerte LLC 20 interests/units (.4980% ownership)

With these transfers, 210 Muy Buena Suerte LLC will own a 0.8715% interest in Retama Partners Ltd and the Straus 2003 Irrevocable Trust will have a 7.3038% interest.

Background information forms for the applicant were forwarded to the Department of Public Safety Bureau of Information Analysis for investigation.

July 26, 2010, the Commission received a written report from DPS advising that there was no disqualifying information revealed by the investigation.

Staff recommends that the application for ownership transfer, as indicated above, be approved.

2010 JUL 14 AM 10:06

REGISTERED  
TEXAS RACING  
COMMISSION

Retama Partners Ltd.  
P. O. Box 47535  
San Antonio, TX 78265-7535  
210-651-7120 Fax 210-651-7097

June 22, 2010

Mr. Mark Fenner  
Texas Racing Commission  
PO Box 12080  
Austin, TX 78711-2080

Dear Mark:

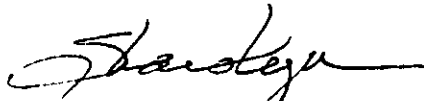
Enclosed are the documents required for transfer of the following ownership interests/units in Retama Partners Ltd.

- Alan Dreeben to:
  - 210 Muy Buena Suerte LLC 5 interests/units (.1245% ownership)
  - Straus 2003 Irrevocable Trust 5 interests/units (.1245% ownership)
- Peter Kornafel to:
  - 210 Muy Buena Suerte LLC 10 interests/units (.2490% ownership)
- Jean McPherson to:
  - 210 Muy Buena Suerte LLC 20 interests/units (.4980% ownership)

210 Muy Buena Suerte LLC will own a 0.8715% interest in Retama Partners Ltd and the Straus 2003 Irrevocable Trust will have a 7.3038% interest. The effective date of these transfers is January 1, 2010.

Two checks for \$75.00 each are enclosed to cover the transfer/investigation fees. Please let me know if you need any further information for approval of this transfer by the Texas Racing Commission. Thanks for your help.

Sincerely,



Sharolyn Grammer


Enclosures



**TEXAS RACING COMMISSION**  
**P. O. Box 12080**  
**Austin, TX 78711-2080**  
**(512) 833-6699**  
**Fax (512) 833-6907**

July 21, 2010

To: Charla Ann King  
Executive Director

From:  Michael Gougler  
Director of Investigation

RE: Ownership Changes Retama Partners Ltd.

On June 18, 2010, the Commission received a written request from Retama Partners Ltd. for transfer of the following ownership interests/units.

Estate of Betty Galt Brown and Betty Galt Brown Marital Trust to

- Andrew Earl Barry 5 interests/units (.1245% ownership)
- Brice Galt Barry Russian 5 interests/units (.1245% ownership)

Background information forms for the applicant were forwarded to the Department of Public Safety Bureau of Information Analysis for investigation.

June 29, 2010, the Commission received a written report from DPS advising that there was no disqualifying information revealed by the investigation.

Staff recommends that the application for ownership transfer, as indicated above, be approved.

Retama Partners Ltd.

P. O. Box 47535

San Antonio, TX 78265-7535

210-651-7120 Fax 210-651-7097

2010 JUN 18 PM 1:28

RECEIVED  
TEXAS RACING  
COMMISSION

June 2, 2010

Mr. Mark Fenner  
Texas Racing Commission  
PO Box 12080  
Austin, TX 78711-2080

Dear Mark:

Enclosed are the documents required for transfer of the following ownership interests/units in Retama Partners Ltd.

- Estate of Betty Galt Brown and Betty Galt Brown Marital Trust to
  - Andrew Earl Barry 5 interests/units (.1245% ownership)
  - Brice Galt Barry Russian 5 interests/units (.1245% ownership)

Two checks for \$75.00 each are enclosed to cover the transfer/investigation fees. Please let me know if you need any further information for approval of this transfer by the Texas Racing Commission. Thanks for your help.

Sincerely,



Sharolyn Grammet


Enclosures



**TEXAS RACING COMMISSION**  
**P. O. Box 12080**  
**Austin, TX 78711-2080**  
**(512) 833-6699**  
**Fax (512) 833-6907**

July 27, 2010

To: Charla Ann King  
Executive Director

From:  Michael Gougler  
Director of Investigation

RE: Ownership Changes Laredo Downs

On June 22, 2010, the commission received a written request from Laredo Downs to approve a change of 0.0048% ownership from Gary Wolff. With these transfers Gary Wolff will own 0.2665% and Muy Buena Suerta, Ltd., will own 50.5422%.

Background information forms for the applicants were forwarded to the Department of Public Safety Bureau of Information Analysis for investigation.

On July 26, 2010, the Commission received a written report from DPS advising that there was no disqualifying information revealed by the investigation.

It is recommended that the application for ownership transfer, as indicated above, be approved.

JUN 22 PM 12:52  
MOLTZ MORTON & TOOLE  
LLP  
REGISTERED  
TEXAS RACING  
COMMISSION

William J. Moltz  
(512) 439-2171  
wmoltz@mmotlaw.com

The Littlefield Building  
106 East 6<sup>th</sup> Street, Suite 700  
Austin, TX 78701  
(512) 439-2170  
Facsimile (512) 439-2165

June 22, 2010

Charla Ann King, Executive Secretary  
Texas Racing Commission  
8505 Cross Park Dr., Suite #110  
Austin, Texas 78754

Via Hand Delivery

Re: Laredo Downs  
Request for Approval of Ownership Change of License LRP Group, Ltd.

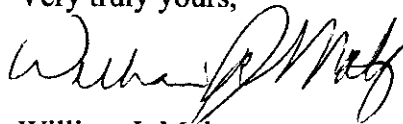
Dear Ms. King:

As you are aware, the ownership interests of the partners in LRP Group, Ltd. change slightly from time to time due to periodic cash calls made pursuant to the Partnership Agreement. As a result of such cash call, the ownership interest of Mr. Gary Wolff in such a cash call, his interest in LRP Group, Ltd., will change from 0.2713 to 0.2665, a decrease in ownership of 0.0048%. This decrease is indicated in the 2010 Ownership Reports submitted to the Texas Racing Commission on June 15, 2010. That interest will be transferred to current partner Muy Buena Suerte, Ltd. immediately upon TRC approval. Similarly, Mr. Wolff's ownership interest in the General Partner, LRP Group GP, LLC will decrease in the same relative percentage as his limited partnership interest.

LRP Group, Ltd. hereby requests that this ownership change be placed on the Agenda for consideration at the next Commissioner's meeting.

Please let me know if I can be of further assistance.

Very truly yours,



William J. Moltz  
Counsel for LRP Group, Ltd.

WJM/pjp



2010 JUL 27 PM 3:15

RECEIVED  
TEXAS  
RACING COMMISSION

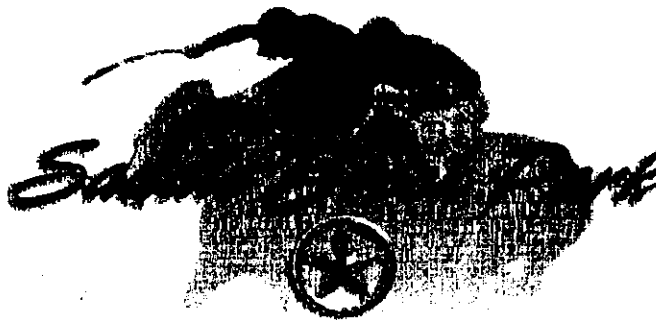


**Austin Jockey Club, Ltd.  
Status Report  
July 27, 2010**

Since the last Texas Racing Commission meeting, progress has been made in a few areas:

- Discussions have progressed with the City of Creedmoor with regard to annexation of the property. While there is no formal annexation application form, the City Administrator, Richard Crandal, has stated that we would simply need to file a request letter with the City outlining the legal description, TravisCAD number(s) and total acreage to be annexed and a public hearing would be set.
- The traffic study is expected to be completed today.
- All tax returns and finger prints cards for the owners have been compiled and are ready for submission.
- A check in the amount of \$85,000 has been issued to cover the Commission's application fees.
- All other aspects of the application are complete and ready for submission once the traffic study is in hand.
- At this time the Austin Jockey Club's facility is not likely to be ready for race dates in 2011.

Further information will provided be at the next Commission meeting on August 3.



July 26, 2010

Texas Racing Commission  
P.O. Box 12080  
Austin, Texas 78711-2080

Re: Progress Report

Dear Charla Ann King:

As previously reported, Saddle Brook Park contracted to sell its interest to an affiliate of Global Gaming Solutions, LLC ("GGS"). GGS is preparing a complete application to accompany the request for transfer of ownership. The Innovation Group has prepared a draft report on the 5 year forecasts for the Amarillo market and is in the process of now finalizing that report. The application of the GGS affiliate will be based on an analysis and evaluation of such study.

As to the application period for live racing dates in 2011, Saddle Brook Park has scheduled meetings with the various horse and breed associations to develop a plan which those organizations will support in the event Saddle Brook Park cannot conduct live racing in Amarillo in 2011. This would be achieved by cooperation between such organizations and Lone Star Park. Accordingly, an application concerning racing dates will be filed in a timely fashion.

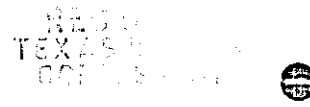
Respectfully submitted,

Drew Alexander  
President and C.E.O.  
Saddle Brook Park

Office 806-359-9546 • Fax 806-359-5239 • P. O. Box 50597 • Amarillo, Texas 79159  
[www.saddlebrookpark.net](http://www.saddlebrookpark.net)

Valle de los Tesoros  
3900 N. McColl Road  
McAllen, Texas 78501  
Phone: 956-687-7751 Fax: 956-687-8569

2010 JUL 26 PM 12:48



July 26, 2010

Charla Ann King, Executive Secretary  
Texas Racing Commission  
8505 Cross Park Dr., Suite #110  
Austin, Texas 78754

Via Fax

Re: Progress Report – Tesoros Race Park

Dear Ms. King:

We are in receipt of your correspondence seeking a written progress report with respect to Tesoros Race Park in preparation for the August 3, 2010, Commission meeting.

As indicated in the Tesoros Race Park progress report dated June 29, 2010, and discussed at the July, 2010, Commission meeting, the schedule for beginning construction of Tesoros Race Park is dependent upon the City of McAllen extending utility services to the Site. It is our understanding that the City's efforts in this regard are ongoing.

In addition to this written submittal, it is my intention to be present at that meeting to answer any questions the Commissioners may have.

We will keep you apprised as progress continues.

Very truly yours,

A handwritten signature in black ink that reads "Greg LaMantia".

Greg LaMantia

**IV.E.3**

LRP Group, LTD  
3900 N. McColl Road  
McAllen, Texas 78501  
Phone: 956-687-7751 Fax: 956-687-8569

2010 JUL 26 PM 12:48

REC'D  
TEXAS  
GOVERNMENT



July 26, 2010

Charla Ann King, Executive Secretary  
Texas Racing Commission  
8505 Cross Park Dr., Suite #110  
Austin, Texas 78754

Via Fax

Re: Progress Report – Laredo Downs

Dear Ms. King:

We are in receipt of your correspondence seeking a written progress report with respect to Laredo Downs in preparation for the August 3, 2010 Commission meeting.

As indicated in the Laredo Downs progress report submitted to the Commission on June 29, 2010, and discussed at the July, 2010, Commission meeting, LRP Group, Ltd. is exploring opportunities to relocate the proposed racetrack from Laredo, Texas, to the Dallas/Fort Worth area. That process is ongoing.

In addition to this written submittal, it is my intention to be present at that meeting to answer any questions the Commissioners may have.

We will keep you apprised as progress continues.

Very truly yours,

Greg LaMantia

**IV.E.4**



2010 JUL 27 PM 5:05

VIA EMAIL AND FEDEX

July 27, 2010

Ms. Charla Ann King  
Executive Director  
Texas Racing Commission  
P.O. Box 12080  
Austin, TX 78711-2080

Dear Ms. King:

We are in receipt of the Commission's request seeking a written progress report with respect to Laredo Race Park. We understand that this progress report will be included in the agenda packet for discussion during the upcoming Texas Racing Commission meeting on August 3, 2010. We look forward to answering any questions that the Commissioners may have at that time.

Since our last update, we have:

- Negotiated the terms of a one year extension for our current Mines Road location (our most recent extension is set to expire on July 31, 2010), subject to approval and execution of the final document which we anticipate will occur in the next few days.
- Participated in various industry meetings about race dates for Laredo Race Park and the other Texas racetracks. We plan to attend the next Texas Racing Commission sponsored meeting on August 13, 2010 at Sam Houston and working with the industry on an acceptable race date proposal for Laredo Race Park.
- Met with Webb County Judge Valdez regarding the County's decision on the Casa Blanca golf course location and their request that we pursue the LIFE Downs location. The Judge requested that we wait until after the County budget hearings currently scheduled for early August to hold our next meeting. At this time, we are working to schedule a meeting for mid to late August to outline critical path items and the feasibility of this site.

If you have any questions or comments about the contents of this letter, please feel free to contact me at any time. Otherwise, I look forward to seeing you next week.

Sincerely,

Andrea B. Young  
President

Cc: Mark Fenner  
Rex VanMiddlesworth

**Laredo Race Park**  
7575 North Sam Houston Parkway West, Houston, TX, 77064 • 281.807.8700

**IV.E.5**